

Labor Turmoil in South Korea Signals a 'Time of Reckoning'

By Fred Hiatt
Washington Post Service

INCHON, South Korea — For years they have come from the countryside to industrial cities like this. They are young men and women desperate for work and willing to live in barracks-like dormitories or tumbledown *takdams*, the "chicken coops" where factory laborers sleep huddled next to one another.

Working longer hours than laborers anywhere else in the world, they have powered a remarkable economic success story, bringing unexpected prosperity to a nation that was destitute three decades ago.

But while the wealth is more evenly distributed than in many developing nations, millions of workers barely scrape by. Last year, more than 23,000 were killed or crippled in industrial accidents, according to union officials.

Now, as the authoritarian government that has kept wages low loosens its control, workers are demanding a greater piece of the "economic miracle" in an explosion of rank-and-file strikes, sit-ins and other job actions.

Spontaneous, leaderless and apparently beyond any institution's control, the labor stirrings have injected uncertainty into South Korea's fragile progress toward democracy.

"I think there's a recognition on



Survivors from the supply boat Anita, which was sunk by a mine, being carried ashore at Fujaira, in the United Arab Emirates. Six sailors died in the incident, and five survived.

Baker Says U.S. Could Step Up Actions in Gulf

Compiled by Our Staff From Dispatches

WASHINGTON — Howard H. Baker Jr., the White House chief of staff, said Sunday that the U.S. mine-clearing effort in the Gulf should not be a signal to Iran that the United States will take only protective actions.

In an interview on CBS television, Mr. Baker also blamed Iran for planting mines in the Gulf and said that Iran should not assume that U.S. forces in the region will limit themselves to finding and disabling mines.

"The Iranians should not be deceived," Mr. Baker said. "They should know that although the United States has acted in a restrained way, that the United States will not fail to protect its own vital interests."

He stopped short of discussing possible retaliatory moves, saying, "I sort of hope the Iranians wonder about that."

Frank C. Carlucci, President Ronald Reagan's national security adviser, said on NBC television that the United States and its allies could cope with the Iranian mine-laying.

"We certainly have the capability in the Persian Gulf to deal with the mine threat," he said.

He added, however, that the threat posed by mines could not be eliminated entirely. He said the U.S. Navy is "putting resources in the Gulf and we expect to be able to protect our ships."

"We are hopeful that we can reduce tensions in the Gulf, to the point where escorting will no longer be necessary," Mr. Carlucci said. He said the administration hoped for a follow-up United Nations cease-fire resolution "which would put some teeth into the first resolution by imposing sanctions on whichever party did not adhere."

Mr. Reagan warned Iran on Saturday that the United States would not "permit extremists to set the agenda or coerce their neighbors" in the Gulf.

"We have to show that efforts of intimidation, like Iranian threats against Kuwait and other nonbelligerent states in the Gulf, do not work," Mr. Reagan said in his weekly radio address. "We're a tolerant people, but we do not bow to intimidation, and we've consistently throughout our history been willing to defend ourselves. Our tolerance should not be mistaken for a lack of resolve."

Administration officials told The Washington Post that the statement was intended as a warning to Iran that the United States intends to maintain its commitment to free navigation in the Gulf and is prepared to respond to terrorism or other acts of intimidation.

Asked whether the War Powers Act was likely to be invoked, Mr. Carlucci said it was a legal matter. The resolution requires the president to consult with Congress before.

See ARMS, Page 2

See BAKER, Page 2

See GULF, Page 2

Victorious Lange Vows To Continue Reforms

AUCKLAND, New Zealand — Prime Minister David Lange, following an election victory, said Sunday that his government remains committed to economic reforms and will not return to a military relationship with the United States.

"What's going to happen in the next three years is that we will use a dynamic economy to make New Zealand a fitter place to live in," he said. "It's a matter of capitalizing on what has already been sacrificed" in economic change.

Mr. Lange's Labor Party was re-elected Saturday with a 15-seat margin, the same overall majority it held in the last parliament.

Mr. Lange, who dismantled a wide array of economic regulations in his first term, said Sunday that there would be no dramatic changes in economic policy.

"In fact, that policy is now firmly embraced," he said. New Zealand "can expect that predictable sort of government that we've had in the last three years."

He said there would be no return to a military relationship with the United States, which suspended New Zealand from the ANZUS defense alliance because of Labor's ban on visits by nuclear ships.

"We have a businesslike, practical relationship with the United States," he said, "and we're not going to have a military relationship with the United States and we're not going to be in a nuclear relationship with the United States."

See LANGE, Page 2



David Lange

Sources Say Reagan Will Propose \$1 Billion Weapons Sale to Saudis

By John M. Goshko
Washington Post Service

WASHINGTON — The Reagan administration, arguing that the Iran-Iraq war has created an urgent need to strengthen Saudi Arabia's ability to defend Gulf oil supplies, is planning a \$1 billion arms sale to the Saudis that will include a new attempt to deliver 1,600 Maverick anti-tank missiles.

The sale of these missiles was withdrawn last June in the face of massive congressional opposition.

Sources familiar with the plan said Sunday that the administration is expected to notify Congress of the proposal shortly after the summer recess ends Sept. 9.

Congressional sources, noting that the proposed package also includes up to 14 of the latest F-15 fighter jets and enhancements to upgrade earlier F-15s and other American weaponry already in Saudi Arabia's possession, predicted that the move will be a major test of strength between the White House and the Democratic-controlled Congress.

The sources warned that the administration can expect pro-Israeli members and others disenchanted with Saudi Arabia to fight the administration plan with the same ferocity that forced the White House into retreat on the sale of the Mavericks and that almost derailed another Saudi missile sale last year.

In May 1986, President Ronald Reagan vetoed legislation blocking the sale of Sidewinder air-to-air, Harpoon air-to-sea and Stinger ground-to-air missiles to the Saudis.

Administration officials, while confirming details of the plan, denied that they were trying to gain what one called "the advantage of surprise" by moving immediately after the recess. One senior official said the timing was dictated by the situation in the Gulf, where the administration believes that the risk of widened warfare has increased.

See ARMS, Page 2

Miners Get Pay Increase In S. Korea

SEOUL — A labor dispute in South Korean coal fields eased Sunday with a promise of higher pay for miners, but strikes and stoppages continued in other industrial sectors.

Some 700 striking miners and their families dismantled barricades on a railway bridge near Sabuk after officials of Tongwon Coal Mining Co. agreed to increase bonuses.

The miners had confronted 1,500 policemen for three days in the most serious of a series of protests and violence to hit the mines of the Taebak mountain region, a traditional center of labor militancy.

Labor disputes have disrupted South Korea since July 1, when the government agreed to opposition demands for political reforms, ending three weeks of violent street protests.

Meanwhile, the police said they were questioning 103 people, mostly students, arrested Saturday night after thousands of protesters held anti-government and anti-American demonstrations in central Seoul.

Riot squads used tear gas to prevent protesters from marching through the streets after a rally to mark Korea's independence day.



Striking miners and their families blocking a rail line on Sunday near Sabuk, South Korea. The strikers ended their protest after company officials agreed to pay increases.

Kiosk Pope Promotes Role for Women

CASTEL GANDOLFO, Italy (AP) — Pope John Paul II said Sunday that the synod of bishops scheduled for October to examine the role of lay people should concentrate on ways to give women a greater role in the church.

The pope said the role of women had "notably grown" in evangelism, catechesis, liturgy and theology. "Thus, now seems the propitious moment to examine more deeply the ways to assure a greater participation of women," he said.

- GENERAL NEWS
- South Africa's largest mining company called for talks with strikers to end violence. Page 2.
 - The Pentagon has started building a computer complex to simulate space-based battle and defense systems. Page 3.
 - U.S. aid to the Contras should continue until democratization is under way in Nicaragua, President Reagan said. Page 3.
 - Hong Kong's 16,000 residents of Indian background say they are "running a serious risk of statelessness." Page 5.
 - In the Philippines, 18 persons died in clashes with guerrillas, and a fuel price rise caused protests. Page 5.
- BUSINESS/FINANCE
- Manpower Inc. rejected a \$1.2 billion takeover bid by Blue Arrow PLC. Page 7.
 - Growth in Soviet industrial output slowed sharply in the first part of 1987. Page 7.

'Restructuring' the Russian Heartland

First in a series of articles on the effect of glasnost in the provinces.
By Celestine Bohlen
Washington Post Service

STAVROPOL, U.S.S.R. — Vasilii Ryndin is certain that in a few years the Soviet Union will grow all the grain it needs and break its 15-year habit of buying abroad. He bases his prediction on changes he sees happening on his collective farm, 52,000 acres of flat, semiarid land in the northern Caucasus.

"We will stop importing grain in two or three years," said Mr. Ryndin, the chairman of the collective farm. "I am sure of it because here on this farm, people are working now."

Sitting in his office on a warm summer day, Mr. Ryndin speaks as a man who has been liberated. As he tells it, revisions from Moscow, adopted during the last two years under the leadership of Mikhail S. Gorbachev, have "untied our hands."

Those revisions have come to be known in Russian as *perestroika*, or restructuring. But "it is not a restructuring," said Mr. Ryndin, 64, who has run the farm for 20 years. Rather, he said, it is "an upheaval."

Perestroika is the slogan of the Gorbachev era, and here in the region where Mr. Gorbachev was born and rose to political prominence, people take a special pride in following its precepts.

In Moscow, the official stamp of approval for restructuring is most apparent. But for Mr. Gorbachev, reorganization, the term has now come to encompass a whole range of social and economic revisions, from greater "democratization" and "openness" to "self-financing" for local enterprises that must now meet costs and pay their own way with a minimum of help or interference from above.

In this agricultural heartland, Mr. Ryndin already sees heightened interest among the brigades, or small groups of farm workers, who work under contract to grow crops on land allotted to them. They are reducing the size of their crews and cutting back on costs, driven by the incentive to increase "profits" for the collective and, therefore, their own wages.

But for many if not most people in the Soviet Union life still has not improved much, and if it has at all, it seems more in the realm of ideas than in actual conditions.

The problem for many ordinary people has been to understand what *perestroika* means for them — what they should do and what they will get in return.

"How am I supposed to 'restructure' myself?" asked an employee at a cattle feedlot in Stavropol. "I see only a hint at the need for

Lebanon Hesitates on Subsidy Cuts

New York Times Service

BEIRUT — The Lebanese government, fearing labor unrest, is resisting suggestions that it end commodity subsidies as a means of replenishing its foreign exchange reserves.

After 12 years of civil war, Lebanon is facing its worst economic crisis. "We're on the brink of disaster," Economy Minister Victor Qassar said last week.

Mr. Qassar said that the country had enough diesel oil to operate the country's bakeries and state-owned electricity network for only two more months. Without additional state allocations, the Lebanese may be left without bread and power, he said.

He said that the governor of the central bank, Edmund Naim, had advised against the allocation of new foreign exchange funds for importing fuel.

Lebanon's foreign exchange reserves have dropped to \$200 million.

See BEIRUT, Page 9

West German Food Critic Wages War — Heartburn Rampant

By Ferdinand Protzman
International Herald Tribune

MAHLBERG, West Germany — From a 15th-century fortress looking over the broad Rhine Valley into Alsace, Wolfram Siebeck, the high priest of modern German cuisine, is waging a crusade to change his country's eating habits. As a start, he would like to see them learn to enjoy it.

Cultivating culinary culture is a daunting task in a land where the sayings "We don't live to eat, we eat to live," and "eat, drink and be satisfied," are still in use.

Greasy schnitzel abounds. Lunch is often a sausage, bread and beer and the smell of frozen french fries bubbling in state fat permeates many a gasthaus.

But Mr. Siebeck, 58, is battling the grease-slingers and vegetable-haters with unquenchable gusto through books, television appearances and columns in the weekly newspaper *Die Zeit*, as well as in *Stern* and *Feinschmecker* magazines. Fine food and drink are his *raison d'être*, and he is not shy about exhorting others to follow his lead.

In his opinion, the primary obstacle to good eating in Germany is not a lack of well-trained chefs or quality ingredients. It is the attitude among his fellow citizens toward food. They generally cast a cold eye on anyone daring to be an epicure in public.

"Germans," Mr. Siebeck says, "have a strong animosity toward enjoyment. They are wanting in lust for life. They just don't enjoy themselves when they eat."

An anti-culinary attitude with deep historical roots rules here. We have great angst. The angst about possible harm from the good life is greater than the pleasure we get from it.

"A German will admire someone who pays an enormous amount of money for a Mercedes 500. But if the same guy goes in a restaurant and spends a couple of hundred marks on an excellent meal, they think, 'the pig must be cheating on his taxes.' They act like it's a sin to savor fine food or drink an expensive bottle of superb wine."

That mentality is rooted in the wars that swept Germany before and after it became a modern nation-state. Mr. Siebeck says, and the food shortages and famine that resulted. But in the prosperity of modern West Germany, he believes it is time to abandon the "one-pot Sunday meal mentality" popularized by the Nazis and learn how to eat well.

"To alter how people eat, how they think about food and



Wolfram Siebeck outside his castle on the Rhine.

South African Strikers Agree to Talk To Mine Officials on Ending Violence

The Associated Press
JOHANNESBURG — Officials of the Anglo American Corp., the largest mining company in South Africa, and the National Union of Mineworkers agreed Sunday to hold talks on eliminating violence during a strike by an estimated 335,000 black workers.

Cyril Ramaphosa, the union's general secretary, said the union's strike committee voted to continue the strike "until we have met all our demands," including a 30-percent pay increase. But he said the committee had accepted an offer by Anglo American to discuss the violence.

Mr. Ramaphosa said he was

gratified that Anglo American "has come to its senses" and has "stopped being arrogant" about the issue of violence.

However, he reiterated the union's claim that mine owners sought to smash the strike with the help of police. He said about 200 strikers had been arrested.

"We've observed a lot of barbaric acts that are escalating on the mines with a view to ending the strike and forcing miners to go back to work," he said.

Union officials said one miner underwent emergency surgery Sunday after being shot Saturday during a clash at the Matla coal mine east of Pretoria.

"The defense of strikers has now become imperative," Mr. Ramaphosa said. He refused to give details, but he said the strike committee had resolved that "our members will defend themselves."

Anglo American said Sunday that security officers had found explosives in a gold mine hostel they searched after a clash in which 24 black strikers were injured.

According to the company, guards at Vaal Reefs, a gold mine 100 miles (160 kilometers) southwest of Johannesburg, entered the hostel Saturday to investigate reports that strikers were holding hostages.

It said the security men "came under repeated attack by a mob and were forced to retaliate" with tear gas and rubber bullets.

"No hostages were found, but a quantity of explosives and a petrol bomb were discovered," the company said.

Anglo American, which produced 39 percent of South Africa's gold last year, has been the most seriously affected of the major mining companies by the strike.

In its message to the union, the company said that "force or the threat of force should not be used by management, the union or union members to prevent workers from striking peacefully or working normally."

The union is asking for a wage increase, danger pay, longer vacations and other improvements in benefits.



Striking miners express their support for the African National Congress, the South African guerrilla organization, after a clash with security guards at the Matla coal mine.

LANGE: No Major Changes Seen

(Continued from Page 1)

put up with a certain amount of pain in order to get this economy back on an even trail."

After the Labor government came to power in 1984, the New Zealand dollar was devalued by 20 percent, all controls on interest rates and on foreign exchange were removed, and a fundamental overhauling of the tax system was begun that included a 10 percent sales tax on goods and services. Agricultural subsidies were to be phased out over 3 to 10 years.

The result, generally, is that big

business and the cities are booming while rural areas are distressed.

At a campaign appearance last week in Geraldine, on South Island, an angry farmer tried to press the prime minister with a dead lamb as a protest.

Another refused to shake Mr. Lange's hand, saying: "You are just as big an idiot as you are on television."

New Zealand's military and nuclear policies attracted substantial campaign attention.

Mr. Bolger said that, if elected, he would work to once again make New Zealand a full partner in the ANZUS alliance, informing allies of New Zealand's aversion to nuclear weapons and trusting them to respect that.

Law and order was also a campaign issue. Mr. Bolger contended that Labor's economic policies were responsible for an increase in crime and that the government, particularly Justice Minister Geoffrey Palmer, was soft on criminals.

Mr. Bolger charged that the government was responsible for the 1986 murder in Christchurch of a young woman, because of a change in the law that resulted in the early release from prison of the man who later killed her.

"He was the minister who changed the law to allow criminals out early," Mr. Bolger said of Mr. Palmer. "You New Zealanders have something to worry about, because you don't know how many criminals with great track records of sexual abuse, violent abuse, have been let out under Mr. Palmer's lenient system."

Mr. Palmer accused Mr. Bolger of "selective use of facts designed to create an impression that is contrary to the truth." The law referred to was introduced in Parliament in the last National Party government and Mr. Bolger voted for it, Mr. Palmer said.

(Reuters, AP)

GULF:

Iran Invitation

(Continued from Page 1)

cort of U.S.-flagged Kuwaiti tankers, witnesses said.

In Saudi Arabia, normal exports resumed from a major Saudi gas plant damaged by explosions and a five Saturday, oil sources in the region said.

They said ships had returned to berth at the offshore terminal of Arabian-American Oil Co.'s gas liquefaction plant at the eastern Saudi port of Ras al-Jaumah.

Saudi Arabia said four persons were injured when two explosions ripped through the plant.

Western diplomats reached by phone in the Saudi capital said they remained dubious of the Saudi account that the explosion was not the result of Iranian-inspired sabotage.

The Guadalcanal, an amphibious assault ship that was said to have slipped past Iranian Silkstorm missile sites at the entrance to the Gulf on Saturday, is anchored 30 miles (50 kilometers) northeast of Bahrain.

(Reuters, AP)

SOVIET: 'Restructuring' Comes to Russian Heartland

(Continued from Page 1)

have always worked hard at my job."

This mixture of hope and skepticism in the provinces was apparent from conversations and interviews during a two-week trip across the Russian Republic.

As Stavropol inhabitants point out, the people in the northern Caucasus differ from the population of central Russia. Historically a frontier area where serfdom never took root, the region attracted bold types: Cossacks, runaway peasants, followers of religious sects, young army officers looking for adventure in the frontier wars.

In local minds, history explains a greater willingness to take the initiative here, an impatience with set modes of behavior, a more open, less suspicious nature than among central Russians.

This background may explain Mr. Gorbachev's own political style. He grew up in the northwestern part of the territory, in the village of Privolnoye, where his mother still lives.

Like Mr. Gorbachev, who also made his career in agriculture, Mr. Ryndin has witnessed the ups and downs of Soviet farm policy, a roller coaster that has lurched through crash programs, miracle crops, disasters, monumental irrigation schemes, growing subsidies and tight control from the center.

"We were only nominally the masters of the land," Mr. Ryndin said. "You have to imagine the mistakes, the stagnation that we had."

"It was," he added, "so overplanned that local leaders could not act or think for themselves."

"To some extent, I myself was frustrated. I couldn't see what lay ahead. Now day and night I think about how to earn more money, because now the government has made me responsible."

He cited examples of the results reaped on his kolkhoz or collective: 500 tons more milk than last year; savings of 500,000 rubles (\$775,000) in the first five months this year through economizing measures; a profit of 2.1 million rubles in 1986 against an annual average of 1.2 million during the previous five-year plan.

Working harder is one view of restructuring. Another is the expectation of better quality in goods and services, which are still at a woeful level across the country. In the minds of economists in Moscow, the two are irreconcilably linked, on the local level the stick is still more apparent than the carrot.

Many people still find it uncomfortable to take the initiative. In the Ukraine, the press reported cases this spring of farmers awaiting orders from above as the critical planting season slipped.

And two years after perestroika began, large areas are still underdeveloped by basic shortages. In Magnitogorsk, for instance, meat and butter are rationed — 1 kilogram (2.2 pounds) of meat, 400 grams (14 ounces) of butter a month per person.

As Mr. Gorbachev himself noted impatiently, people all over the country are complaining that despite all the talk, even the simplest problems are not getting solved.

Getting people motivated is a constant topic everywhere. The first step has been to break up vestiges of "wage leveling," a practice that allowed poor workers to receive the same pay as diligent ones.

Next year, a law goes into effect giving workers' councils the right to elect the directors of enterprises and a bigger voice in the distribution of earnings.

For example, a law that workers were "asking for too much," adding that "in a sense the free-market, democratic system is in danger." If the state degenerates into "chaos and social disorder," he warned, Mr. Chorn would have to step in.

The aide recalled the strikes of 1989, during the time known as the "Soviet Spring" when many Kereans thought democracy was at hand after the assassination of President Park Chung Hee. Citing the labor unrest as one reason, Mr. Chorn, a general at the time, seized power in a coup.

This time, the aide said, Mr. Chorn plans to step down peacefully.

BAKER: U.S. Could Go Beyond Mine-Sweeping in Gulf

(Continued from Page 1)

fore sending U.S. forces into hostilities or imminent hostilities.

"In terms of the number of ships that are in the Gulf, it's relatively small compared to our total navy," he said. "If, in some point in time, it appears to the lawyers that we should notify Congress under the War Powers Act, the president will clearly do so."

Mr. Baker said the United States

is "well aware" of the potential threat of Iranian attacks on U.S. embassies or other installations and is working to counter it.

"I believe the United States government is well aware of the dangers involved and has taken appropriate steps to provide against them," he said in response to questions about reports that Iran may be preparing for a round of embassy attacks.

Robert E. Lamb, chief of the State Department's bureau of diplomatic security, said Saturday in Washington that Iranian officials, some accredited diplomats, had been casing U.S. embassies to determine which are especially vulnerable to attack.

In Moscow, the Communist Party newspaper Pravda warned the United States in an editorial Sunday that an explosion in the Gulf "could lead to the conflict spreading beyond the frontiers of that region."

A single American shell or missile could be enough to trigger an explosion, the newspaper warned in its analysis of the "tense political and military situation in the Gulf."

The newspaper added that Moscow "favors the immediate withdrawal of all ships not from countries of the region," including Soviet vessels. (AP, WP, AFP)

Robert E. Lamb, chief of the State Department's bureau of diplomatic security, said Saturday in Washington that Iranian officials, some accredited diplomats, had been casing U.S. embassies to determine which are especially vulnerable to attack.

In Moscow, the Communist Party newspaper Pravda warned the United States in an editorial Sunday that an explosion in the Gulf "could lead to the conflict spreading beyond the frontiers of that region."

A single American shell or missile could be enough to trigger an explosion, the newspaper warned in its analysis of the "tense political and military situation in the Gulf."

The newspaper added that Moscow "favors the immediate withdrawal of all ships not from countries of the region," including Soviet vessels. (AP, WP, AFP)

"We never had to deal with this question until now," said Mikhail Lysenko, the mayor of Magnitogorsk. "People are still feeling their way."

"Nobody wants to get rid of the rights they have," said Yuri Levin, the chief economist at the Magnitogorsk steel mill. "Not everyone is ready. We have people here who are used to banging their fists and saying, 'Do as I say!'"

"Self-financing" also spells bad news for huge sections of the Soviet economy, propped up by government subsidies. For the 14 percent of Soviet farms operating at a loss, the reforms could mean trouble and, in the long run, possibly even foreclosure.

In Moscow, economists talk about 16 million workers being displaced over the next 15 years as industry and agriculture turn back their work forces.

Basic food prices, heavily subsidized, are likely to go up, albeit slowly and after lengthy public discussion.

Mr. Gorbachev has said repeatedly that the next two to three years will be most difficult for the country as it makes the transition from a centralized economy to one of free enterprise and market socialism. Dislocations have already occurred: Wages have been held up at factories where products have been turned back because of poor quality, and growth rates in industry began to slow in the first half of this year.

In agricultural areas like Stavropol, farmers still complain about Agroprom, the new amalgamated agricultural ministry that was formed in 1985 from six separate agencies, putting about 3,000 bureaucrats out of work. Old habits of interference are dying hard, the farmers say, particularly on critical questions of ordering and obtaining supplies.

"We are still hoping," said Mikhail Shikunov, the chairman of the Chapaev collective farm in Stavropol. "It is still too early to evaluate. We can't say all the problems have been solved. But once the Central Committee decides something has to be done, it will be."

NEXT: Glasnost comes to a steel-making city.

Mr. Gorbachev has said repeatedly that the next two to three years will be most difficult for the country as it makes the transition from a centralized economy to one of free enterprise and market socialism. Dislocations have already occurred: Wages have been held up at factories where products have been turned back because of poor quality, and growth rates in industry began to slow in the first half of this year.

In agricultural areas like Stavropol, farmers still complain about Agroprom, the new amalgamated agricultural ministry that was formed in 1985 from six separate agencies, putting about 3,000 bureaucrats out of work. Old habits of interference are dying hard, the farmers say, particularly on critical questions of ordering and obtaining supplies.

"We are still hoping," said Mikhail Shikunov, the chairman of the Chapaev collective farm in Stavropol. "It is still too early to evaluate. We can't say all the problems have been solved. But once the Central Committee decides something has to be done, it will be."

NEXT: Glasnost comes to a steel-making city.

Mr. Gorbachev has said repeatedly that the next two to three years will be most difficult for the country as it makes the transition from a centralized economy to one of free enterprise and market socialism. Dislocations have already occurred: Wages have been held up at factories where products have been turned back because of poor quality, and growth rates in industry began to slow in the first half of this year.

In agricultural areas like Stavropol, farmers still complain about Agroprom, the new amalgamated agricultural ministry that was formed in 1985 from six separate agencies, putting about 3,000 bureaucrats out of work. Old habits of interference are dying hard, the farmers say, particularly on critical questions of ordering and obtaining supplies.

"We are still hoping," said Mikhail Shikunov, the chairman of the Chapaev collective farm in Stavropol. "It is still too early to evaluate. We can't say all the problems have been solved. But once the Central Committee decides something has to be done, it will be."

NEXT: Glasnost comes to a steel-making city.

Mr. Gorbachev has said repeatedly that the next two to three years will be most difficult for the country as it makes the transition from a centralized economy to one of free enterprise and market socialism. Dislocations have already occurred: Wages have been held up at factories where products have been turned back because of poor quality, and growth rates in industry began to slow in the first half of this year.

In agricultural areas like Stavropol, farmers still complain about Agroprom, the new amalgamated agricultural ministry that was formed in 1985 from six separate agencies, putting about 3,000 bureaucrats out of work. Old habits of interference are dying hard, the farmers say, particularly on critical questions of ordering and obtaining supplies.

"We are still hoping," said Mikhail Shikunov, the chairman of the Chapaev collective farm in Stavropol. "It is still too early to evaluate. We can't say all the problems have been solved. But once the Central Committee decides something has to be done, it will be."

NEXT: Glasnost comes to a steel-making city.

Mr. Gorbachev has said repeatedly that the next two to three years will be most difficult for the country as it makes the transition from a centralized economy to one of free enterprise and market socialism. Dislocations have already occurred: Wages have been held up at factories where products have been turned back because of poor quality, and growth rates in industry began to slow in the first half of this year.

In agricultural areas like Stavropol, farmers still complain about Agroprom, the new amalgamated agricultural ministry that was formed in 1985 from six separate agencies, putting about 3,000 bureaucrats out of work. Old habits of interference are dying hard, the farmers say, particularly on critical questions of ordering and obtaining supplies.

"We are still hoping," said Mikhail Shikunov, the chairman of the Chapaev collective farm in Stavropol. "It is still too early to evaluate. We can't say all the problems have been solved. But once the Central Committee decides something has to be done, it will be."

NEXT: Glasnost comes to a steel-making city.

WORLD BRIEFS

Chad Army Repulses Libyan Attack

NDJAMENA, Chad (Reuters) — Chad troops repulsed a land and air attack by Libyan troops on the northern village of Azouzi last week, and a Chadian military communiqué said 170 Libyan soldiers were killed.

The report, broadcast Saturday on Ndjamena radio, said another 50 Libyans were captured during two Libyan attempts to regain the town. A number of weapons were seized or destroyed in the attack Friday, the communiqué added.

Azouzi is the administrative capital of the Azouzi Strip, a 4,000-square-mile (10,000-square-kilometer) stretch of desert claimed both by Libya and Chad. Chadian forces retook the strip Aug. 8, ending a 14-month Libyan occupation.

Iran and Afghanistan Protest Attacks

TEHRAN (Reuters) — Iran said Sunday that Afghan forces had shelled an Iranian outpost and a customs building on their border, killing several Iranians.

The Iranian news agency IRNA said two buildings in the town of Taibed in Khorasan Province in northeast Iran were damaged. Iranian diplomats in Kabul had protested to the Afghan government about the attack, demanding compensation.

Meanwhile, Afghanistan accused Iranian forces on Saturday of attacking its border in which it said four Afghan soldiers were killed and wounded. Kabul radio said a protest was lodged with the Iranian embassy in the Afghan capital, against what it described as "massive machine-gun and rocket attacks on three Afghan posts."

Car Bomb in South Lebanon Kills 7

TYRE, Lebanon (AP) — A car bomb exploded Sunday morning in the southern port city of Tyre, killing three persons in the car and a police officer.

They said the car, carrying 15 persons (33 kilograms) of explosives, went off at noon on the main street in Tyre, about five miles (eight kilometers) north of Tyre.

The three occupants were killed, the police reported, as was a 14-year-old boy passing nearby. The Voice of the South, a radio station run by the Israeli-backed South Lebanese Army, said the bomb exploded near a checkpoint run by Ghanaian troops of the United Nations Interim Force in Lebanon.

Yitzhak Shamir, left, with Shimon Peres at meeting Sunday.

Israel Again Delays Decision on Lavi

JERUSALEM (Reuters) — Israel delayed on Sunday for the seventh time a decision on whether to continue development of the Lavi fighter jet amid pressure from Washington and Israeli military leaders to drop the costly project, a cabinet minister said.

After six hours of cabinet discussion, Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres, leaders of the governing coalition, agreed to postpone a decision, said Immigration Minister Yacov Herzog. He said questions remained about the fighter jet, which has cost Israel about \$1.5 billion, most of it U.S. military aid, and about possible alternatives.

Political analysts said before the cabinet meeting that Mr. Shamir, who backs the Lavi, could delay a vote if he was unsure whether a majority would support the project.

The critics said this resentment has not been alleviated by private administration assurances that the Saudis are cooperating in such areas as radar surveillance but have cast efforts against the Lavi as a domestic political problem and the need to avoid an open confrontation with Iran.

In June, Congress briefly was swept by a wave of intense anti-Saudi feeling following uncorroborated reports that a Saudi pilot had refused to attack an Iraqi plane that seriously damaged the U.S. Stark, killing 37 sailors.

The most controversial part of the new package is likely to be the proposal to sell 12 to 14 of the latest F-15s. Opponents are expected to charge that it is tantamount to providing the Saudis with an entire new squadron of planes valued at more than \$500 million.

However, administration officials said that the planes are intended to be "attrition aircraft" that would keep the Saudi fleet of F-15s at 60 planes by replacing aircraft that crash or wear out. The officials insisted that the administration believes it has an understanding, reached at the time of earlier F-15 sales, to provide such a cushion of replacement planes.

Banking hours and government services will be closed or curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Argentina, Belgium, Colombia, Gabon, Indonesia, Israel, Jordan, Kuwait, Lebanon, Luxembourg, Malaysia, Mexico, Monaco, Netherlands, Oman, Pakistan, Philippines, Portugal, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United Kingdom, United States, Venezuela, Yugoslavia.

WEDNESDAY: Afghanistan.

THURSDAY: Hungary.

Source: Morgan Guaranty Trust Co., New York.

Coalition Is Set for Hamburg State

HAMBURG (Reuters) — The Social Democratic Party and the Free Democratic Party have agreed to form a coalition government in the state of Hamburg, the first such coalition in West Germany in five years.

The agreement late Saturday ended three months of attempts by the Social Democrats to form a government following the Hamburg parliamentary elections on May 17.

The two parties, opponents in the federal parliament in Bonn, met through the formality of gaining approval from their national leadership before taking office in Hamburg on Sept. 2.

An American Airlines jetliner with 173 people on board was forced to return to the Frankfurt airport shortly after takeoff Sunday and make an emergency landing after one of its engines caught fire, an airline official said. No one was injured in the incident, the official said.

An Air India jumbo jet carrying 344 people aborted its takeoff from Rome's Leonardo da Vinci Airport after two people were sucked into the engines, airport and airline officials said Sunday. No one was injured in the Saturday incident.

This Week's Holidays

Banking hours and government services will be closed or curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Argentina, Belgium, Colombia, Gabon, Indonesia, Israel, Jordan, Kuwait, Lebanon, Luxembourg, Malaysia, Mexico, Monaco, Netherlands, Oman, Pakistan, Philippines, Portugal, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United Kingdom, United States, Venezuela, Yugoslavia.

WEDNESDAY: Afghanistan.

THURSDAY: Hungary.

Source: Morgan Guaranty Trust Co., New York.

Save 40%

or more off your newsstand price when you subscribe for 12 months to the International Herald Tribune.

Take advantage of our special rate for new subscribers and we'll give you one extra month of Tribes free for each six months you subscribe. Total savings: 40% or more off the newsstand price in most European countries.

Herald Tribune

For Subscription Manager, International Herald Tribune, 181, Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.

Please enter my subscription for:

☐ 12 months (+ 2 months free)

☐ 6 months (+ 1 month free)

☐ 3 months (+ 2 weeks free)

☐ My check is enclosed.

Please charge my:

☐ Access ☐ American Express

☐ Diners Club ☐ Eurocard

☐ MasterCard ☐ Visa

Signature _____

Card expiry date _____

Card account number _____

Name _____

Address _____

City _____ Country _____

Tel _____

17-8-87

UNIVERSITY DEGREE

BACHELOR'S • MASTER'S • DOCTORATE

For Work, Academic, Life Experience

Send detailed resume for free evaluation

PACIFIC WESTERN UNIVERSITY

306 N. Sepulveda Blvd., Los Angeles, California 90048, Dept. 22, U.S.A.

This time, the aide said, Mr. Chorn plans to step down peacefully.

Mr. Gorbachev has said repeatedly that the next two to three years will be most difficult for the country as it makes the transition from a centralized economy to one of free enterprise and market socialism. Dislocations have already occurred: Wages have been held up at factories where products have been turned back because of poor quality, and growth rates in industry began to slow in the first half of this year.

In agricultural areas like Stavropol, farmers still complain about Agroprom, the new amalgamated agricultural ministry that was formed in 1985 from six separate agencies, putting about 3,000 bureaucrats out of work. Old habits of interference are dying hard, the farmers say, particularly on critical questions of ordering and obtaining supplies.

"We are still hoping," said Mikhail Shikunov, the chairman of the Chapaev collective farm in Stavropol. "It is still too early to evaluate. We can't say all the problems have been solved. But once the Central Committee decides something has to be done, it will be."

NEXT: Glasnost comes to a steel-making city.

Pentagon Building Computer Complex To Simulate SDI

By William J. Broad

COLORADO SPRINGS — After a year of delay and dispute, the Pentagon has started building a billion-dollar computerized complex to supersede all other federal projects in the politically sensitive job of judging whether President Ronald Reagan's anti-missile plan is technically feasible.

Guarded by soldiers with M-16 rifles and a double row of barbed wire fences, the complex, the National Test Facility, is assembling 2,300 computer and military experts to run what will be one of the world's largest collections of supercomputers, devices so fast they can perform billions of operations a second.

The aim is to create a powerful electronic brain that will simulate a wide range of futuristic battles between nuclear missiles and defenses against them, studying whether mock wars end in triumph or defeat for the United States.

Both friends and foes of such space-based defense programs agree that the National Test Facility could reach far beyond the piecemeal results of the administration's research, which to date has cost about \$10 billion. Indeed, the simulations are to draw on that vast research, conducted through the Strategic Defense Initiative Organization, and tie tests and findings into a unified picture.

At issue, however, is whether the testing system will provide accurate results and whether the Pentagon can introduce subtle biases into the process to produce what would amount to razzle-dazzle public relations.

But creators of the federal facility insist they are making every effort to assure realism and honest reporting, stressing that several steps have been taken to help eliminate error and bias.

"The SDI Organization recognizes that credibility is an important issue," said Colonel Richard R. Paul of the air force, former director of the National Test Facility. He was recently promoted to oversee it and other advanced Pentagon projects.

"The whole purpose," he said, "is to find out, 'Yes, it looks feasible,' or, 'Here's an area we tried to simulate and it looks like a very tough problem we might not be able to get by.' My experience in simulation is that there are always surprises."

At the Falcon Air Force Station, 12 miles (19 kilometers) east of Colorado Springs, on gently rolling grassland at the foot of the Rocky Mountains, the project of searching out those surprises is slowly taking shape.

All about are signs of great activity to come, including lots of people. At the main gate, armed soldiers watch over a maze of 20 soon-to-be-computerized security portals that resemble public telephone booths. These portals will automatically identify a person, scan a magnetic identification card, photograph the person's retina and compare the results with computer files as an identity check. If the test is passed, the portal door will swing open to allow entry to the top-secret station.

For now, the project is housed in the Consolidated Space Operations Center at Falcon, a windowless structure built from which the Air Force Space Command runs its network of military satellites.

The floor space is slowly being filled with computers and computerized work stations.

"They'll have mowed this space by 1989," said Colonel Bill Baugh, a retired officer who is director of public affairs at Falcon.



WET DAY IN THE WINDY CITY — Youngster playing in floodwaters that stopped traffic at an underpass in Chicago, where a record 9.5-inch rainfall forced scores of people to flee their homes and prompted a power cut for

thousands of residences. Dozens of flights were delayed at O'Hare International Airport. A truck driver died in an expressway crash during the deluge, which occurred in a series of electrical storms late Thursday and early Friday.

Reagan to Defer Contra Arms Request Till Sept. 30

Compiled by Our Staff From Dispatches

WASHINGTON — Two high administration officials said Sunday that President Ronald Reagan will not seek new military funding for the Nicaraguan rebels before Sept. 30. But one of the officials said nonmilitary aid might be sought before that date.

"The funding expires on Sept. 30, and we will not go up with a request before the funding expires," the president's national security adviser, Frank C. Carlucci, said after an appearance on an NBC television program. He was referring to the current \$100 million in military aid appropriated by Congress.

The White House chief of staff, Howard H. Baker Jr., appearing on a CBS program, made the same point, but he suggested that Mr. Reagan might ask for humanitarian aid for the rebels, known as contras, before Sept. 30.

Mr. Baker said that unless Nicaragua agrees to negotiate a cease-fire and accept Mr. Reagan's demand that democratic reforms get under way, "I feel it is virtually certain that the president will ask for additional military aid on or after Sept. 30."

The administration has been giving conflicting accounts of its policy in Central America. One White House official said last week that "we've been on all sides of this issue, and we're going to stay that way."

On Thursday, the White House stressed its support for the contras and said it would seek additional aid for the rebels next month, should the peace talks agreed to by five Central American nations stumble.

On Friday, the White House said there would be no formal aid request before the end of September. But White House aides made clear that discussions about aid, though not a formal request, would certainly start next month.

In his weekly radio address on Saturday, Mr. Reagan said, "Our support for the freedom fighters should continue until a satisfactory peace plan is in place, a cease-fire has occurred and a verifiable process of democratization is under way."

Mr. Reagan said that unless Nicaragua agrees to negotiate a cease-fire and accept Mr. Reagan's demand that democratic reforms get under way, "I feel it is virtually certain that the president will ask for additional military aid on or after Sept. 30."

The Central American peace plan, advanced by President Oscar Arias Sánchez of Costa Rica and also signed by the leaders of Guatemala, El Salvador, Honduras and Nicaragua, calls for a halt in all aid to guerrilla groups.

Representative Lee H. Hamilton, an Indiana Democrat who is chairman of the House Intelligence Committee, said the administration was not giving the diplomatic effort time enough to work.

Mr. Hamilton told NBC that he believed the administration "is sincere in wanting to test the possibility of negotiations" but that it was not clear the White House was really supporting the peace plan adopted by the Central American presidents.

"We do have at this particular moment for the first time in a long time an opening for diplomacy and for negotiations," he said. "And I think we want to test that just as carefully as we can and to exploit it if possible."

(UPI, NYT)

Moscow Reports Leak During Nuclear Test But Denies Any Fallout

Compiled by Our Staff From Dispatches

MOSCOW — The Soviet Union has acknowledged that gas leaked during an underground nuclear test Aug. 2, but the announcement said there was no danger of radioactive fallout.

The announcement Saturday followed a report from officials in Norway of a small increase in the level of radioactive iodine in the air over Norway, Sweden and Denmark.

Norwegian officials said the increase may have resulted from a Soviet nuclear test but was in such small quantities that it presented no health hazard.

The official news agency Tass said the leak occurred during a nuclear test for military research on Novaya Zemlya island.

It said an inquiry into the leak was begun because of "incoming requests" and "claims circulated by the Western mass media, with the Americans being especially zealous in the effort."

The announcement added, "Competent organizations of the U.S.S.R. conducted an extra and complete check that showed that after the explosion, there took place the leak of an insignificant amount of gaseous products that did not lead to the formation of radioactive fallout."

"This excludes the possibility of radioactive fallout in any state as a result of this nuclear underground test. The population was not subjected to any danger of radiation effects."

A U.S. State Department spokesman, Charles E. Redman, said Thursday that the Soviet test had released radioactive debris into the atmosphere beyond Soviet borders.

He said it did not pose a health hazard but violated the 1963 Limited Test Ban Treaty prohibiting nuclear tests in the atmosphere, outer space or under water. He said Washington had expressed its concern about the matter to Moscow.

The Soviet Union has conducted 15 underground nuclear tests since Feb. 28, when Mikhail S. Gorbachev, the Soviet leader, canceled a unilateral ban on such tests begun on Aug. 6, 1985.

At the time, Mr. Gorbachev repeated appeals to the Reagan administration to join in the ban. The United States refused, saying it needed to catch up with advances in Soviet technology.

The Tass report Saturday called again for "a general and complete prohibition of nuclear weapon tests," adding, "It depends first of all on the United States whether nuclear bluffs will continue or not."

The Soviet Union promised fuller and quicker reporting on nuclear incidents last year after the explosion April 26 at the Chernobyl nuclear power plant. It took Soviet officials several days to acknowledge that the accident occurred.

(AP, Reuters)

Ending Snub, Soviet Plans Chagall Show

New York Times Service

MOSCOW — The first major exhibition in the Soviet Union of the paintings of Marc Chagall will open at Moscow's Pushkin Museum next month, according to one of the show's organizers.

The event will mark a posthumous official homecoming for an artist long slighted by his native land.

The exhibition coincides with the 100th anniversary of Chagall's birth in Vitebsk. It represents an important milestone in Mikhail S. Gorbachev's campaign to make the Soviet Union more receptive to nonconformist ideas and art.

Plans for the exhibition have not been announced in Moscow yet, but Andrei Voznesensky, who was instrumental in arranging the show, provided details in a telephone interview.

Although some of Chagall's paintings have been shown in the Soviet Union, his contribution to 20th century art — like those of Wassily Kandinsky, Kazimir Malevich and other members of the avant-garde before the 1917 Bolshevik Revolution — has not been officially recognized in the Soviet Union.

Typhoon Death Toll In Philippines Pnt at 48

The Associated Press

MANILA — The death toll from a typhoon that struck southeastern Luzon Island last week rose to 48 on Sunday, and meteorologists warned that another typhoon was threatening to hit the northern part of the main Philippine island.

The weather service said a typhoon with winds of up to 75 mph (120 kph), was moving toward Cagayan Province.

(UPI, NYT)

Vincent Persichetti, 72, U.S. Composer, Is Dead

New York Times Service

NEW YORK — Vincent Persichetti, 72, an American composer, educator, theorist, pianist and conductor, died of lung cancer Friday at his home in Philadelphia.

Mr. Persichetti wrote nine symphonies, chamber compositions for many combinations of instruments, more than a dozen sonatas for piano and harpsichord, songs and choral works, two operas, including "The Shrike," based on the story of Chicken Little, and an enormous quantity of music for wind band.

Mr. Persichetti's aesthetic was essentially conservative, a distinctive blend of classical, romantic and modernist elements, contrapuntal, rhythmically charged and expertly scored. Although he modestly insisted that there were only two main strains in his work — one graceful and the other gritty — his musical imagination was in fact multifaceted.

"Following the lineage of Mozart, Mendelssohn and Ravel, Persichetti's music suggests the innocence and childlike joy of pure musical creativity," Walter Simons wrote in the New Grove Dictionary of American Music. "Hence many works for beginners stand, with neither condescension nor apology, alongside more difficult compositions."

Mr. Persichetti's works for chorus and for band — the latter an area many 20th-century composers have neglected — provided an engaging, sophisticated introduction to contemporary music for young musicians.

Mr. Persichetti was associated with the Juilliard School in New York for almost 40 years. He joined the staff in 1947, and in 1963 he became the chairman of the composition department.

Although he had been composing regularly since his early teens, he did not come to public attention until the mid-1940s, when the Philadelphia Orchestra, under the direction of Eugene Ormandy, began to play his music — the "Fables" for narrator and orchestra in 1945, and later the Symphony No. 3, first performed in November 1947.

Thereafter his compositions entered the repertoire of several American ensembles. The Symphony No. 5 (1953) was commissioned by the Louisville Orchestra; the Symphony No. 7 ("Liturgic," 1958) by the St. Louis Symphony; and his final work in this genre, "Janiculum," (1970) by the Philadelphia Orchestra.

Peter Schidlof, 65, Violist With Amadeus Quartet

LONDON (Reuters) — Peter Schidlof, 65, violist with the Amadeus Quartet, has died in Cumbria in northwest England, the British Broadcasting Corp. reported Sunday.

Mr. Schidlof, like the quartet's two violinists, was an Austrian Jew who fled from the Nazis in 1938. The quartet, formed in 1948, is believed to have been the oldest ensemble surviving with its original members.

Other deaths: Norman B. Watson, 90, one of the first women to serve in the U.S. Marine Corps, Aug. 8 in Coatesville, Pennsylvania, after a stroke. She and other women who enlisted in 1918 to free men for combat duty, known unofficially as "marinettes," were assigned to clerical duties.

Monseigneur Giovanni De Menasse, author of the Sunday Mass homilies broadcast by Vatican Radio and Italy's state-run RAI station, has died at the age of 83, Vatican Radio said Sunday.

Edgar Rosenberg, 62, husband of the comedienne Joan Rivers, Friday in his hotel room in Philadelphia, apparently a suicide by drug overdose. A publicist for Ms. Rivers said Mr. Rosenberg, executive producer of the short-lived "The Late Show Starring Joan Rivers," had been depressed recently.

A spokesman at Fort Lewis said Private Myers is a medic with the 3d Battalion, 47th Infantry, 9th Infantry Division.

He was reported absent without leave Aug. 3, according to George Polich, the fort's public affairs officer.



Philip Habib

Habib Resigns As U.S. Envoy to Central America

Washington Post Service

WASHINGTON — Philip C. Habib, President Ronald Reagan's special envoy for Central America, has resigned.

State Department and congressional sources said he acted after the administration rejected his call for immediate, high-level U.S. involvement in peace talks between Nicaragua and its neighbors.

According to the sources, Mr. Habib, picking up on a suggestion made by Secretary of State George P. Shultz last week, had recommended that he go immediately to Central America and commit the United States to some form of participation in the peace initiative agreed to Aug. 7 by Nicaragua, Honduras, El Salvador, Costa Rica and Guatemala.

The sources said that the White House overruled his advice and ordered him to remain in Washington.

Mr. Habib left his State Department office before the announcement of his resignation on Friday and could not be reached for comment.

Murder on Rise in Calabria

The Associated Press

CITTANOVA, Italy — Police found the body of a 22-year-old man Sunday, bringing to 100 the number of murders this year in the southern region of Calabria, compared with 70 by this time last year. The authorities attribute at least half the deaths to a feud between organized crime families.

raoul & curly
raoul & curly s.a. 47, av. de l'Opéra 75002 Paris
Tel.: 47 42 50 10
ALL THE MAJOR BRANDS

• jewellery
• shirts
• ties
• scarves
• watches

RAUL & CURLY
TAX FREE SHOP

NEW ISSUE — NEW ISSUE — NEW ISSUE — NEW ISSUE — NEW ISSUE

Sabre gets its teeth into something new

Sabre Financial Ltd. — another offshore Futures Fund advised by Sabre Fund Management Ltd.

Participate in financial futures — one of the most dynamic growth sectors of the modern financial system.

Sabre Fund Management is one of Europe's largest specialist Futures Fund managers.

Shares offered in Dollars and Swiss Francs.

A trading model of this fund has achieved an average 40% p.a. net gain over the past three years.

The managers are holding the price per share at \$10 or 20Sfr until 1st September 1987. Send now for a prospectus to the sole agent.

To: Q.T. Financial Services Ltd. 140 Brompton Road, London SW3 1HY, England
Telex: 915961 Telephone: 01-581 5841

Please send me a prospectus

Name _____ Address _____

Business _____

Please telephone me if necessary on: _____

Members of (FMA)

187

The agreement does not constitute an offer for sale of an investment for shares in Sabre Financial Ltd. Applications for shares in Sabre Financial Ltd will only be considered on the basis of an explanatory Memorandum issued by the company and dated June 1987. In the U.K. the explanatory Memorandum may only be circulated to persons whose names are on the list of all shareholders of Sabre Financial Ltd as at 31st March 1987.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Risks Without a Policy

American sailors and ships in growing numbers are at risk in the Gulf. To what purpose? At American request, Iraq holds off attacking Iranian shipping, so more oil leaves and more supplies arrive at Iranian docks. The fleet is the perfect foil for the radical mullahs in Tehran. Enjoying these benefits, the mullahs mine the path of American convoys and menace their Arab neighbors. These results are surely not what President Reagan intends. Yet his policy is so confused about interest, ends and means, that the administration takes on ever greater risks without much support or prospect of success. Mr. Reagan did not sort this out before departing on three weeks' vacation. Here are some considerations.

America's interests require preventing an unfriendly power from controlling Gulf oil. Oil represents money, arms and power that can be used to undermine everything from Western economies to Israeli security. The main threat to that interest is now Iran, far more than the Soviet Union.

The immediate purpose of the United States is to secure an end to the Iran-Iraq war with no victor. Stopping that war might reduce the volatility of the region, but would not remove the deeper problem—a regime in Iran bent on repression at home and subversion and terrorism abroad.

It was a mistake for the Reagan administration to put American flags on Kuwaiti tankers. Oil was flowing through the Gulf, and Kuwait could have been persuaded to deal with the problem without turning to Moscow. But now that the fleet is there, what next? A conciliatory American policy toward Iran would serve both sides' practical interests. Yet conciliation, already tried by France and by Mr. Reagan in trading arms for hostages, seems only to invite further Iranian aggression.

Passive containment of Iran, in essence the present policy, has some promise, as evidenced by the fact that Tehran has not yet rejected the United Nations' call for a cease-fire in the Iran-Iraq war. But the present policy incites Iran to attack American assets indirectly, as with mines, in the hope of inducing Congress to force a withdrawal. It also leaves the initiative with Tehran, forcing Washington into a reactive stance. To face down Iran requires that Mr. Reagan take more active measures:

- Invoke the War Powers Act, and then present a coherent policy to earn congressional backing. The act will give Congress 60 days in which to support the president or, in the absence of a plausible policy, halt the naval buildup.
- Press hard on West European allies and the Gulf states for unity and joint action. Halfhearted or covert support from Britain, France and the Gulf states has only encouraged the mullahs to pursue their tactics of intimidation. A solid phalanx of opposition is something that might be understood even in Tehran.
- Dispatch a senior envoy to Moscow and Beijing to gain a halt to their arms shipments to Iran. Neither has a long-term interest in arming such a disruptive force. That message should be conveyed by every Western leader in the strongest terms.
- Stress through every channel a readiness and capacity to respond to military attacks. Representative Les Aspin has noted that if Iran's "invisible hands" continue to place mines in the Gulf, perhaps other invisible hands can mine Iranian harbors, quickly halting Iran's oil exports.
- All this is essential to a workable policy. Without such a policy, the risks of further military improvisation are too high.

America's goal is to contain Iran until a less fanatic regime emerges. Military force is not by itself a strategy. The administration needs a plausible policy to build domestic support in Congress and diplomatic support abroad. Only then might Iran turn inward and confront the nightmare into which Ayatollah Khomeini has dragged it.

—THE NEW YORK TIMES

The Boom Continues

Now commencing its sixth year, the long rise of the American stock market has become one of the great booms of financial history. Stock prices have reached altitudes responsible for an epidemic of nervous indigestion among investors, as investors brace themselves for the inevitable fallback. But, high though it has climbed, the market still is not quite as high as it was in the late 1960s.

One day in December 1968, the Dow Jones Industrial Average of 30 big companies closed at 985. Corrected for the massive inflation since then, that would be the equivalent of 3,150 today. In fact, the average is still a little short of 2,700. Perhaps the market in 1968 was a bit overpriced, but the present level does not break new ground. Stock prices are still recovering from the damage done by inflation in the 1970s.

The reasons for the present surge upward are not entirely clear, but that is not unusual in a speculative market. One important factor, new in the past five years, is certainly visible: foreign investment. Money managers in Japan and Europe have been enthusiastically buying American stocks. The attractions of the American economy still apparently outweigh the risks of the dollar's falling exchange rate.

But it is the relationship with inflation that makes the boom interesting. Until 15 years ago it was conventional wisdom that stocks were inflation-proof. They represent, after all, ownership in real assets: factories, machinery, inventories. Those values ought to be constant, regardless of an inflating dollar. But it did not turn out that way.

Inflation disastrously skewed and disoriented companies' accounting, confusing real profits with mirages created by an unstable currency. Most of the government's early attempts to fight inflation, beginning with President Nixon's disastrous price controls, were bad for industrial performance. By the summer of 1982, when the current boom began, the Dow Jones Industrial Average was less than one-third its 1968 value. The boom started at a point at which inflation was coming down, rapidly and convincingly, and the chief threat to the boom now is the evidence that inflation is beginning to accelerate again.

This boom is said to have generated \$2.2 trillion in new wealth for stockholders. It would be reassuring to think that some of that money was going into industrial development. Individuals can get rich by financial manipulation, but that is not how large countries raise their standards of living.

—THE WASHINGTON POST

A Deal With Managua?

I know what all that palaver about Central American peace plans is about. It's a liberal scam. If those Sandinista Communists sign a peace agreement, they'll cheat, lie and not comply. And if they don't sign, they'll divide until American aid for the contras expires. That's what this is all about.

Why are you so self-righteous? When it comes to violating treaties, we're not such innocents. Look at the contra war and our mining of Nicaraguan harbors. What this is really about is national interest. For the first time in years, negotiations are in everybody's interest, even the president's. He needs a diplomatic trick to get Democratic votes for aid to the contra, so for a while there's an opening for diplomacy.

Sure, negotiations are in the Sandinistas' interest. They'll swear to hold elections, free the press, let the Catholic Church have its radio programs, all of that—until we stop funding the contra. Then, quick as you can whisper Fidel Castro, it's back to their real agenda. They want to be a Soviet base and want to subvert the neighborhood. The same folks who whooped it up for Ho Chi Minh are whooping it up for Comandante Ortega.

Let's not be glib. It was some of your folks who said Red China was pulling the strings in Hanoi. Now we know that the Vietnamese think of China much the way many Latin Americans think of us: darkly. Peace means bread and beans for Nicaragua. My guess is that Ortega will go along with a peace treaty because he figures his crowd will get the credit—and can win a truly free election. If so, he's got an interest in complying with a treaty.

Right, but meanwhile the United States would doubly betray the contra. First, we'd deny them guns. Second, we'd be letting the Sandinistas rig an election that we would then have to recognize. Some deal.

Betrayal? What kind of betrayal would it be if a peace treaty achieved the contra's purposes—like ending emergency rule dictatorship, giving real freedom to opposition parties and holding internationally supervised elections? The president has just made a big concession. He's willing to bless a deal letting the Sandinistas stay in office as long as they open up their system, stop aiding guerrillas elsewhere and keep out Soviet bases and advisers. Now, for the first time, the Sandinistas are talking about the same things.

They'll say anything to get Congress to vote against the contra. Besides, who's to judge whether the elections will really be free and whether those advisers will really be sent home?

Well, the White House will say anything to get Congress to vote for the contra. Who's to judge? Everyone will be able to see if the press is free, to see if respect for political rights is real. And don't forget, Nicaragua would like to end the nonstop U.S. maneuvers in Honduras.

I don't buy that for a minute, but suppose I did. Why on earth should Ortega make a deal now with Ronald Reagan when he could spin out the process, bury the contra and maybe get a better deal from the next president?

Because for him, a deal with Ronald Reagan means more than a deal with a more liberal president: it would be a last hope for conservatives to renounce it in the future. That's the president's truly effective leverage—since a deal with him is worth more, he can expect more. Anyway, what are we arguing about? The contra can't defeat the Sandinistas, even if they get more military aid out of Congress, which is highly uncertain. The United States is not about to send in troops. So what's the alternative to trying to negotiate constructively? There isn't any.

—THE NEW YORK TIMES

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER
Co-Chairman

LEE W. HUEBNER, Publisher

JOHN VINCIGUERRA, Executive Editor • WALTER REED, News Editor • SAMUEL ARI, KATHERINE KNORR
and CHARLES MITCHELL, Deputy Editors • CARL GEWITZ, Associate Editor •
ROBERT J. DONAHUE, Editor of the Editorial Page

RENÉ BONDY, Deputy Publisher • ALAIN LECOUR and RICHARD H. MORGAN, Associate Publishers •
FRANÇOIS DESMAISON, Circulation Director • ROLF D. KRANZ, Advertising Sales Director
International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France.
Tel: (1) 46.37.93.00. Telex: Advertising, 61399; Circulation, 61283; Editorial, 61218; Production, 63098.

Directeur de la publication: Walter N. Thayer.

Editor for Asia: Michael Richardson, 5 Convent Road, Singapore 0511. Tel: 472-7768. Telex: R558028
Managing Dir. Asia: Michael Glen, 20 Gloucester Road, Hong Kong. Tel: 5-8010516. Telex: 61170
Managing Dir. U.K.: Robin Macdonald, 63 Long Acre, London WC2E, Tel: 836-4802. Telex: 260009
Gen. Mgr. W. Germany: W. Lauerbach, Frankfurt, 15, 6000 Frankfurt 14, Tel: (069) 726735. Telex: 416521
Pres. U.S.: Michael Conroy, 150 Third Ave., New York, N.Y. 10022. Tel: (212) 752-3800. Telex: 47775
S.A. capital de 1.300.000.000 Francs. No. 973001136. Circulation Partielle No. 61337
© 1987, International Herald Tribune. All rights reserved. ISSN: 0254-8022.

OPINION

Candidates, Beware the Terrorism Trap

By Jeffrey D. Simon

SANTA MONICA, California—If America's 1988 presidential candidates deal the wrong lessons on terrorism from the Iran-Iraq hearings, they are likely to fall into the same terrorist trap that caught Jimmy Carter and Ronald Reagan. The temptation to win votes with tough talk about terrorism will be understandably great. But it should be resisted if the next president is to avoid the fate of the previous two.

The major terrorism lesson from the arms-for-hostages deal with Iran is not the most obvious "no negotiations with, no concessions to" terrorists or their state sponsors. Rather, it is, "Do not let United States foreign policy become subservient to the resolution of a terrorist incident."

That is the trap.

The fact that presidents as different in ideology and personality as Jimmy Carter and Ronald Reagan both fell

victim to the terrorist trap should alert Americans to the need to tone down the national reaction to terrorism.

The tendency to create crises over terrorist incidents and to search endlessly for "solutions" has negatively affected U.S. foreign policy.

The last two presidents have allowed understandable compassion for the fate of American hostages to color their perception of what would be best for the nation as a whole.

In Mr. Carter's case, the search for a solution to the hostage situation in Iran led to a yearlong paralysis in American foreign policy. In President Reagan's case, the desire to win the release of hostages in Lebanon led to one of the more questionable foreign policy decisions in recent times.

The harsh reality about terrorism is that, try as one might, there are unfor-

tunately no solutions or ultimate victories. The numerous terrorist groups that exist around the world, and the large pool of available American targets—citizens, diplomats, military personnel—ensure that Americans will always be at risk to terrorism.

The irony of the arms-for-hostages deal is that even if it had "worked," on the very day the hostages would have come home, new ones could have been taken in Lebanon or elsewhere.

Another fact about terrorism that Americans have ignored is that despite efforts by governments to combat this threat, it takes only a single terrorist assassination—to make it appear that the terrorists are "winning."

That is why viewing terrorism as a "war," or making statements that we will ultimately defeat the terrorists,

only plays into the terrorists' hands. What, then, can be done to break out of this terrorist trap?

First, a rethinking about terrorism is in order. Since terrorism for the most part does not pose a threat to vital U.S. interests, Washington needs to shift away from the practice of designing high-level policies for what are essentially low-level threats.

It should also avoid issuing grand doctrines and principles to guide responses to terrorism. Principles such as "irrefutable evidence" and "no negotiations, no concessions" serve only to reduce American flexibility in responding to terrorism.

Also beneficial would be a conscious effort by presidents and other government officials to avoid fostering an image of crisis in Washington every time terrorists strike. While there certainly cannot be a business-as-usual approach to terrorism, the tendency has been to go to the opposite extreme, as illustrated by the presidential address to the nation as soon as the hostages from the TWA hijacking were released in the summer of 1985.

The public, Congress and the news media will naturally demand strong action on the part of a president when terrorists attack American targets. And strong responses, including military raids, will be required at times to demonstrate American resolve.

But every terrorist incident does not require a response or deserve to be treated as a test of national nerve. Doing so only complicates the issue and gives terrorists the international platform that they desperately want.

If there has to be a "tough" talk on terrorism during the presidential campaign, it is to be hoped that it would be that terrorists are not going to be allowed to influence the course and direction of American foreign policy. Otherwise it will be only a matter of time before the next president falls into the terrorist trap.

The writer conducts research at the Rand Corporation into international terrorism. This column in The New York Times was drawn in part from an article in the summer issue of Foreign Policy.



For Conscientious Objection in the Warsaw Pact

By Miklos Harasni

BUDAPEST—In a resolution last March, the UN Commission on Human Rights acknowledged conscientious objection to military service as a universal right. It called upon member countries to stop imprisoning objectors and to create opportunities for alternative service. Since most Western countries recognize this right, it may seem that the West has little reason for concern.

However, if the West added the right of conscientious objection and alternative service to the agenda at the Helsinki accords review process, it would force the communist countries to respect this freedom for the first time.

In Eastern Europe, civil rights movements have demanded the right of conscientious objection in recent years. The commission's resolution provides support for the many who are in prison or are threatened with imprisonment for their conscientious objection stances.

Lenin, who built his revolution on soldiers tired of the Great War and eager to go home, decreed the freedom of conscientious objection in 1918. But soon afterward communist ideology grew hostile to this, and any right of conscience and has remained unrecognized ever since.

Only East Germany and Hungary permit unarmed military service on religious grounds. But not even this dubious alternative is considered an individual right: It is a bargain struck with certain favored churches. Both countries imprison objectors of other denominations, and all communist countries imprison those who request alternative civilian service.

Unlike the rights of speech and assembly, the right of conscientious objection does not necessarily concern everyone and cannot by itself lead to

the democratization of Eastern Europe. For that reason, Eastern governments faced with growing protest against imprisonment of objectors could split off this right from the rest of human rights. It is a positive sign that the Soviet Union and its allies abstained in the vote in the Human Rights Commission, especially since the resolution clearly criticized their practices. This abstention indicated the East European governments' fear of isolation on this issue.

Warsaw Pact rigidity on the issue has become increasingly untenable because of the growing number of objectors and, more important, because the objectors have begun to demand their rights publicly. The longer the Warsaw Pact's new détente campaign goes on, the more difficult it will be for its members to justify their hard line toward anti-militarists. That is especially the case in Poland and Hungary, whose governments want to maintain a liberal image.

The only armed conflicts in Europe in the last 40 years have occurred when the Soviet Union used Warsaw Pact armies to repress democratic movements. Thus, objection to military service in the bloc is not only a matter of religious principle but also an indication of popular nonviolent democratic resistance and solidarity.

Human rights activists in East Germany, Poland, Czechoslovakia, Hungary and even in non-aligned Yugoslavia have focused on this right because they believe it can be obtained within the Helsinki process and that alternative service would set a significant precedent. It would, they

believe, acknowledge that the state's sovereignty over the individual cannot be absolute.

This breakthrough would require more than the natural attraction of the Western example. What we need is for the Western signatories to the Helsinki accords to embrace the universal right of conscientious objection, and for all Helsinki members to legalize conscientious objection and institute alternative service.

The easy verifiability of such an agreement makes it eminently suitable for the Helsinki framework. Either the objectors are in prison or their rights are being respected.

Diplomats should not regard this issue as marginal or as a matter of a country's internal affairs. If indeed the Helsinki spirit couples European security and the freedom of the individual, then the right of conscientious objection embodies this spirit. The absence of this right in the East is a threat to Western security: Can the Warsaw Pact's aims be truly seen as nonaggressive while it punishes its citizens for not wanting to look at other countries as enemies?

The resolution of the UN Human Rights Commission should become a test of Gorbachev's peace and glasnost campaign. The Warsaw Pact would not be able to resist if its Western partners insisted on this issue during the current Helsinki review conference in Vienna. A new dimension in Eastern Europe would then open up—that of a guaranteed individual freedom.

The writer, a Hungarian social critic, is author of a book on the plight of intellectuals under communism that is soon to be published in the United States. He contributed this column to The New York Times.

South Africa: 'Miracles Need to Be Encouraged'

By Anthony Lewis

BOSTON—A first step in resolving political conflicts is to get the opposing parties to talk to each other. That is often a formidable difficulty.

In the Middle East, Arab states refused for decades to talk with Israel. That is one of the tribal homelands that South Africa has declared "independent" but that no other country recognizes.

During his first three detentions he was brutally tortured: hung upside down, given electric shocks, beaten. He suffered two heart attacks. Protests by Amnesty International and others helped win his release.

The most recent detention was from Nov. 22, 1986, to last Jan. 30. This time, he said, he was not physically assaulted. But he was questioned from five to 10 hours a day, and threatened

with death for himself and relatives. The effects on his mind were more traumatic. After his release he found that he could not concentrate.

For the last five months Dean Faransi has been at the Center for Torture Victims in Minneapolis. It is the third such center in the world, following others in Copenhagen and Toronto.

Dr. Barbara Chester, a psychologist who directs the Minneapolis center, said it was not unusual that psychological methods had a more traumatic effect on Dean Faransi. "He was evidently prepared for physical torture," she said when I telephoned her. "It didn't go to the core of his being. But the psychological techniques did."

Despite all that has happened to him, Dean Faransi believes in negotiations as the way out of South Africa's crisis. And he said the talks must be with the Afrikaners who control the National Party and the government.

"Black people have never had any problem talking to Afrikaners," he said. "It's they who have had the problem."

"It's a long historical suicide note on the part of the Afrikaners; the refusal to talk. Today they have become a lonely wolf of 2.8 million in a nation of over 30 million—not so much because they are hated but because they have decided to isolate themselves from their fellow citizens."

President P.W. Botha has been determined to prevent talks with the principal anti-apartheid organization, the African National Congress. He ecooriated an unofficial group of Afrikaners who recently met ANC leaders abroad. The reason, Dean Faransi said, is that people will think differently if they actually meet the other side. "The ideology can only survive on ignorance."

Was there any real hope of negotiations? I asked Dean Faransi said there were three possibilities.

The most pessimistic was an escalation of violence. The second was the chance of strong support from the outside world pushing the government to the negotiating table.

"The most optimistic," he said, "is the miracle option. I don't think the

last miracle was when Jesus turned the water into wine. There's still room for a South African miracle. But miracles need to be encouraged."

Dean Faransi is going back to South Africa this week. Even if he stays out of detention, he will immediately be caught up in the apartheid maze. He has been declared a citizen of Venda, with no right to enter South Africa—or go to most of the 121 congregations he supervises.

He plans to return to the Minneapolis center for more treatment later in the year. Dr. Chester said the five months he has been there so far were "a short time, given the trauma he went through."

I asked Dean Faransi what he thought would happen in South Africa. "If I had to choose," he said, "I would pick the miracle option. Then I wouldn't have to worry about detention or death. But I have to be realistic. What Black South Africa needs is what will happen to him the next day? What he does not always have, and therefore he cannot always ride."

The New York Times.

last miracle was when Jesus turned the water into wine. There's still room for a South African miracle. But miracles need to be encouraged."

Dean Faransi is going back to South Africa this week. Even if he stays out of detention, he will immediately be caught up in the apartheid maze. He has been declared a citizen of Venda, with no right to enter South Africa—or go to most of the 121 congregations he supervises.

He plans to return to the Minneapolis center for more treatment later in the year. Dr. Chester said the five months he has been there so far were "a short time, given the trauma he went through."

I asked Dean Faransi what he thought would happen in South Africa. "If I had to choose," he said, "I would pick the miracle option. Then I wouldn't have to worry about detention or death. But I have to be realistic. What Black South Africa needs is what will happen to him the next day? What he does not always have, and therefore he cannot always ride."

The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Rome Interested
ROME—The initiative taken by Count Bernadotte, the Swedish Minister of Foreign Affairs, with the object of provoking an exchange of views between the Powers on the Balkan situation and which was communicated three days ago to the Italian Government, is being followed in Italy with great attention, and in official circles with sympathetic interest. Italy from the very first united her efforts with those of the other Powers in order to prevent Montenegro from taking aggressive action. While the war is still proceeding, she cannot exert direct pressure action in Constantinople. But Austria and the other Powers will be informed without delay of her adhesion to the proposal, with the hope that the joint advice of the Powers may put a stop to the troubles in the interior of Turkey and strengthen the "status quo" of the Balkans.

1937: Shanghai Shelled
PARIS—Developments in the Sino-Japanese situation: Shanghai was subjected to a terrible bombardment by the Japanese to cover an attempt to land troops at the mouth of the Whangpoo River. The Izumo, flagship of the attacking fleet, withdrew after a torpedo had been fired at it. A spokesman of the Tokio Foreign Office confirmed reports that Japan's diplomatic representative in Nanking had been withdrawn. President Theodore Roosevelt and Secretary of State Cordell Hull conferred on the safety of Americans in China and the possible application of the neutrality law. Liners prepared to evacuate American women and children from Shanghai. The Federal Reserve ordered the closing of all American banks in Shanghai. It was announced that China had concluded a \$50,000,000 credit with Skoda Steel Works in Prague.

هكمان الأهرام

Clashes With Rebels Kill 18, Manila Says

MANILA — The authorities reported Sunday that 18 persons were killed in battles between guerrillas and security forces over the past two days in the central and southern Philippines.

In Manila, meanwhile, President Corason C. Aquino faced protests over higher prices for gasoline and fuel oils.

It appeared that the price increases, ordered by the Energy Regulatory Board, could turn out to be the most unpopular measure taken by the Aquino government in its 18 months in power.

A national organization claiming 300,000 public transport drivers as members said it would call a dawn-to-dusk strike Monday in Manila and five provincial cities to protest the nearly 20-percent increase.

Bonifacio de Luna, president of the Philippine Confederation of Drivers' Organizations, said he would go to the Senate on Monday to present a formal petition for a reversal of the price rise. He warned that his organization would hold a wider and longer strike if the petition was turned down.

In the central Philippines, rebels launched simultaneous attacks at dawn Sunday on two police stations on Negros Island, killing a police officer and a militiaman, the police said.

One of the raiding parties was led by a woman who was heard shouting "kill the police" before the rebels opened fire and tossed a

grenade at a police post three kilometers (two miles) from Bacolod, capital of Negros Occidental Province, the police said.

In the south, the military said 12 rebels and 2 soldiers were killed Saturday when a government patrol battled Communist guerrillas of the New People's Army in Bukidnon Province on Mindanao Island.

The military said two other rebels were killed and four were captured in a separate clash Saturday in Surigao del Sur Province, east of Bukidnon.

In Manila, reactions to the fuel price increase included a flood of telephone calls to a popular radio station, DZRH. Angry callers accused the government of callousness.

They said an oil price rise would trigger increases in the prices of prime commodities, further burdening a population already struggling with economic hardship.

"Students, mothers, fathers should go out in the streets tomorrow and join the protest," said a caller who gave his name as Joe Garcia.

Two women callers said that if the government had made such a decision before the legislative elections in May, none of Mrs. Aquino's candidates for Congress would have won. The government party holds 22 of 24 Senate seats and more than 130 of the 200 seats in the House of Representatives.

Tamil Rebels Halt Surrender Of Arms, Demand Security

Compiled by Our Staff From Dispatches

NEW DELHI — Sri Lanka's main Tamil guerrilla group has suspended its surrender of weapons, demanding security for the Tamil population and closure of army camps, Tamil sources said Sunday.

The Liberation Tigers of Tamil Eelam made the announcement in the northern town of Jaffna on Saturday after complaining that Tamil civilians were being harassed by Sri Lankan troops in Eastern Province, the sources said.

Indian newspapers quoted the Liberation Tigers' commander in Jaffna as saying that his organization would not lay down arms until it got "a guarantee about the safety of the people." There were no further details.

The sources said that senior Indi-

an officials had been told in detail about the Liberation Tigers' demands and that discussions might be held with the group in Tamil Nadu, where it maintains offices, as well as in Jaffna.

The Sri Lankan government delayed its expected declaration lifting a state of emergency in Northern Province and Eastern Province.

A peace accord signed by Sri Lanka and India on July 29 provided that the state of emergency should end by Saturday at the latest. But officials said the two nations had agreed to postpone the move because the surrender of weapons by the Liberation Tigers and other guerrilla groups, also called for in the treaty, had been sporadic.

(AFP, NYT)

Spain Finding Out How Macho It Is

By Paul Delaney

New York Times Service

MADRID — Spaniards do not spend much time sitting around drawing rooms debating whether Spain is a macho society. That is a given.

But a clearer idea of what that means has emerged in the first large study in Spain of job discrimination and sexual harassment of women.

The survey drew immediate approval from feminists, an endorsement from the country's largest newspaper, and even agreement, amid yawns, from many men.

The report, by the women's department of the General Union of Workers, said 84 percent of the women in the survey had experienced some form of what they regarded as sexual harassment.

Nearly a third said they had been bothered by "unwanted physical contact," such as being pinched or brushed against, or by sexual solicitations and telephone calls. More than half said they had experienced unwanted nonverbal sexual advances, including obscene gestures and "lewd looks."

The survey questioned 772 workers in the government, at hotels, hospitals and factories, and white-collar employees such as journalists and flight attendants.

It found harassment by male colleagues was focused mainly on new employees and on those from 26 to 30 years old. Others reported to be singled out were women who were divorced, separated or widowed, and nonpracticing Catholics or atheists.

The researchers found discrimination in salaries and promotions mainly in manual-labor and blue-collar jobs and in the private sector. Many women said they believed they had been denied promotions because of their sex. Women who had been in their jobs four years or more and those over 40 years old made most of the complaints.

The study offers several recommendations, including new laws to prohibit sexual harassment and programs to make employers aware of their responsibilities.

It also recommends psychological support for victims and help for women in resisting harassment. The report and recommendations are to be presented next month to the Cortes, or parliament, said an official of the women's department.

"The report bears out what we've been saying for years," said Montserrat Fernandez Garrido, a feminist Party leader. "Whenever we've brought up the issue, nobody paid any attention. We're glad it has now seen the light of day."

For Hong Kong's Indians, 1997 Brings a Vision of Limbo

By Patrick L. Smith

International Herald Tribune

HONG KONG — They were there when British traders first hoisted the Union Jack over this dot of land 146 years ago. In the decades following, they went on to help found Hongkong & Shanghai Banking Corp., the colony's first university and a number of other still-prominent local institutions.

Hong Kong's 16,000 ethnic Indians have left an unmistakable mark on the community they quietly took part in carving out of barren rock. But historic legacies do not go far these days.

As things stand now, the Indian community of Hong Kong is about to fall through history's cracks. When China regains sovereignty over the colony in a decade, many of the community's members will not belong in Hong Kong, India or Britain.

"At the end of the day, we're running a serious risk of statelessness," said Michael Chugani, a local political commentator whose parents arrived from the subcontinent in the 1930s. "We really won't be citizens of anywhere."

For most of the territory's 5.6 million people, the expiration of Britain's colonial leases in 1997 means they will automatically become citizens of China. But because China bestows citizenship on the basis of racial background, Indian residents and smaller groups of Pakistanis, Malaysians and others will effectively be treated as visitors.

Leaders of the local Indian community mounted an intense lobbying effort last year to persuade

Britain to grant them full citizenship once Beijing assumes sovereignty. Rejecting this, British legislators offered only an unwritten commitment to accept Hong Kong's minority groups if citizenship problems arise after 1997.

More recently, hopes were pinned on the chance of a Labor Party victory in the general elections

in Hong Kong.

Since Labor's resounding defeat, however, many Indians feel a profound sense of resignation. "A Labor win was our last best hope," said Lachman Narain, a well-to-do investor and property developer.

Since the early 1960s, when most British colonies gained independence, the authorities in London have created a tangle of immigration categories intended to stem the flow of former colonial subjects into Britain.

At the moment, Hong Kong residents of Indian descent, as well as more than three million local

Chinese, are called "British Dependent Territory Citizens," or BDTs, a designation that dates from 1981. As Hong Kong BDTs, Indians and others have the right to live in the colony but not in Britain.

Because Britain is giving up the power to confer Hong Kong citizenship, however, their status is to

change once again. Last year the British Parliament voted to turn Hong Kong BDTs into "British Nationals Overseas," or BNOs, a status that gives them the right to live in no one quite knows where.

China has agreed to permit non-Chinese BNOs to remain in Hong Kong as long as they have seven years' residence behind them. But the BNO passport, which has been recognized by about 27 nations since it was introduced, does not confer citizenship.

Britain is campaigning assiduously to win greater international acceptance for the BNO passport. Beneath the sense of resignation, a measure of bitterness lingers. As the Indians see it, they helped build an empire, growing rubber in British Malaya, now Malaysia, and sugar in Fiji. In East Africa,

now Uganda and Kenya, they were brought in to build roads, ports and railroads.

"Wherever the Britishers went, we went also," said K. Sital, a financier of the import and export trade who arrived from India in the early 1950s.

Indians were first brought to Hong Kong to serve as soldiers, clerks and policemen. They quickly assumed prominent roles in the financial and trading communities.

After India's independence and the subsequent partition into India and Pakistan, a new wave of immigrants came, mostly from Sind, long renowned for its merchant class. About half of the territory's 16,000 Indian residents have retained Indian citizenship.

Although Hong Kong's Indian residents account for a minute fraction of the population, they are responsible for about 13 percent of the territory's overseas trade, by their reckoning.

Like many other Hong Kong residents, Indian executives say the object now is to cash in as fully as possible on the economic boom that Hong Kong is enjoying.

Many say they are willing to try living under the Chinese flag at least during the 30-year period of self-rule that Beijing has promised Hong Kong after 1997. But the sense of belonging that Indians feel they have earned over the past century and a half is fading.

"At the end of the day, you have to conclude that things don't hold much promise here," Mr. Chugani said wistfully. "People think it's time to make their own arrangements."

In Sri Lanka, Monks' Saffron Robe Is Turning Into a Signal of Militancy

By Seth Mydans

New York Times Service

COLOMBO, Sri Lanka — In what could be a curious omen of violence, the authorities here have reported a run on saffron robes, the traditional garb of Buddhist monks.

In Sri Lanka, where the politically powerful priesthood has been at the forefront of much of the recent violence, the robe, traditionally an emblem of tolerance and peace, has become a signal of militancy.

With senior monks haranguing angry crowds and younger monks sometimes attacking police lines and throwing stones, secular agitators have also been reported to be donning saffron, the better to arouse emotions at demonstrations.

Senior monks deny that they support violence, but they also say that violence may be inevitable as they carry out what they see as their role as protectors of the Sinhalese, the majority ethnic group in Sri Lanka.

Although the mostly Buddhist Sinhalese make up 75 percent of the 16.5 million Sri Lankans, they

see themselves in larger terms as being under pressure from the Hindu Tamil ethnic group, and even from the smaller Muslim population of Sri Lanka.

This sense of threat from the minorities is at the heart of the tensions causing communal feuds that have produced sustained violence in the last four years.

In their fight for a separate state, Tamil guerrillas have received support from the much larger Tamil population outside Sri Lanka, including 50 million in southern India.

A Sinhalese political scientist, speaking of what he called "the 1,000-year war," said: "They are on the offensive. We are on the defensive."

"They will drive us into the sea," he said, "and we have no place to go. The Tamils can join their brothers in south India. The Moslems can go to the Arab world. The Sinhalese have no place to go. We are a nation under siege."

From Sri Lanka's earliest days, the protectors in this siege have been the monks, guardians of a culture whose roots are intertwined with the history of Buddhism itself.

It is said that when the Buddha was dying, he saw his teachings under threat from Hinduism and looked south to the island now called Sri Lanka as Buddhism's sanctuary.

As the government takes steps to work out a compromise with the Tamils, who make up 15 percent of the population and are seen historically as encroaching from the north, the Buddhist clergy is fighting back.

"The monks are angry," said B. Wimalaratana, a senior Buddhist cleric and a lecturer at Sri Jayawardhanapura University.

"It has been traditional in the past for the rulers to consult the Buddhist clergy," he said. "But now there are many occasions when the elderly monks had discussions with the president but he doesn't care."

A Sinhalese Buddhist scholar who disagrees with that view said: "The monks don't think that violence in defense of the Sinhalese race is anything bad."

Neelan Tiruchelvam, a moderate Tamil leader, said, "The basic virtues of compassion, tolerance and nonviolence have been subordi-

nated to the historic role the Sri Lankan Buddhists feel they have to protect the Sinhalese race."

Mr. Wimalaratana said: "Thousands of people are coming to the temples to ask the monks, 'Why are you waiting? Why don't you take action?'"

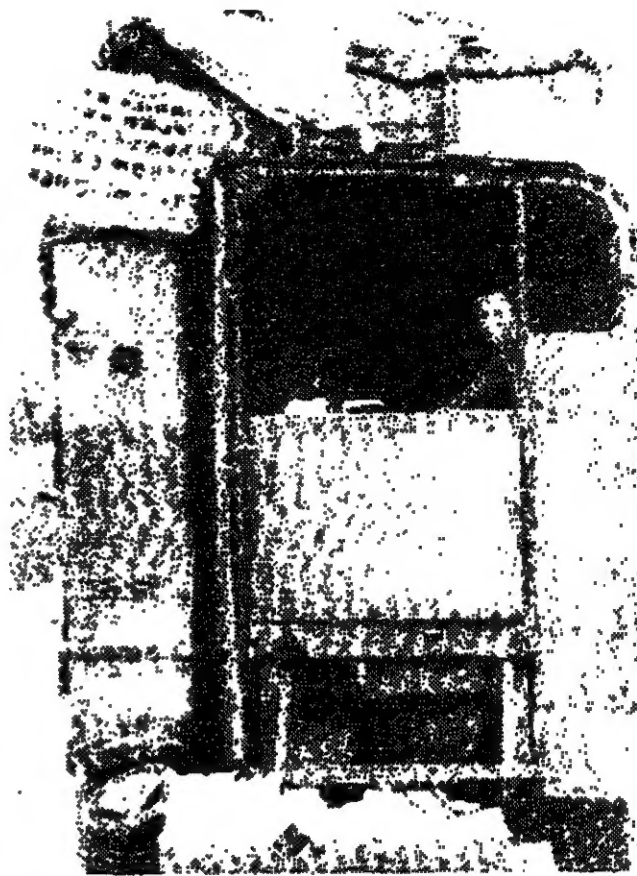
"Violence is not the proper way," he said. "But you see, we all are human."

He blamed hot-blooded younger monks for the violence, saying, "They are teenagers, and it is difficult to control their emotions."

The intentions of some of these monks seemed evident at a recent Buddhist gathering, when one younger monk said, "If we are not militant, and if the country is not protected, then there will be no more Buddhism."

Asked if he favored violence, the monk, a member of the militant Inter-University Federation of Students, said: "Why not? We are being provoked. We are being shot. We cannot stand any more."

A demonstration last month by several hundred monks touched off the most recent wave of violence on the day before Sri Lanka and India signed an accord that is intended to create an autonomous Tamil province in northern Sri Lanka.



A traveler peers from a truck in Ho Chi Minh City. Officials now want tax breaks for private transportation.

Hanoi Allows Transport For Profit

Reuters

BANGKOK — Vietnam has extended private enterprise reforms to allow private shipment of passengers and goods, a potential boon for the Communist state's ailing transportation network, the state radio said.

A reform recently announced in Hanoi encouraged private individuals or groups to operate vehicles for profit under state protection, the radio said Saturday.

It also encouraged officials and others who already have jobs to take a second job in private transport, according to a text of the radio broadcast received in Thailand.

The incentives include a half-year tax break and state protection for operators, who would be able to keep all after-tax profits.

Basic transport fees would be regulated for established routes but operators would be allowed to set their own prices for special services.

Since 1979, reformers in the Communist Party have been whittling away at some centralized controls.

OIL & MONEY

THE CHALLENGE OF THE 1990's

THE EIGHTH ANNUAL INTERNATIONAL HERALD TRIBUNE/OIL DAILY CONFERENCE, LONDON OCTOBER 22-23, 1987

THE program is designed to assist senior executives in the petroleum industry and related fields to determine their business strategies into the 1990's. The Honorable John S. Herrington, Secretary of Energy, United States, H.E. Abd al-Hadi Muhammad Kandil, Minister of Petroleum and Mineral Resources, Egypt, H.E. Rikwanu Lukman, Minister of Petroleum Resources, Nigeria, President of the OPEC Conference, H.E. Arne Oien, Minister of Petroleum and Energy, Norway and The Rt. Hon. Cecil Parkinson M.P., Secretary of State for Energy, United Kingdom will head a distinguished group of senior and financial leaders from around the world.

Senior Executives wishing to attend the conference should complete and mail the registration form today.

OCTOBER 22

UNITED STATES ENERGY POLICY
The Honorable John S. Herrington, Secretary of Energy, United States
CHALLENGE OF THE 1990's: A CORPORATE VIEW
John R. Hall, Chairman and Chief Executive Officer, Ashland Oil Inc.
Philip Oxley, Chairman, Tenneco Europe Ltd.
Nader Sultan, President, Kuwait Petroleum International Ltd.
GLOBAL DEMAND AND SUPPLY: AN OVERVIEW
John R. Lichtblau, President, Petroleum Industry Research Foundation
Respondent: Hermann T. Franzen, Economic Advisor of H.E. The Minister of Petroleum and Minerals of the Sultanate of Oman
BREAKOUT GROUPS (These three sessions will run concurrently)
NORTH AMERICAN MARKET
Theodore R. Eck, Chief Economist, Amoco Corporation
Milton Lipton, President, W.J. Levy Consultants Corporation
THE EUROPEAN OUTLOOK
Giuseppe Stiglitz, Executive Vice-President, AGIP SpA
Ted W. Williams, Managing Director, Petroleum Economics Ltd.
THE PACIFIC OUTLOOK
Dennis J. O'Brien, Chief Economist, CALTEX Petroleum Corporation
LUNCH
THE OUTLOOK FOR THE UNITED KINGDOM'S PETROLEUM INDUSTRY
The Rt. Hon. Cecil Parkinson M.P., Secretary of State for Energy, United Kingdom
MARKET FORCES IN CHARGE OF SUPPLY MANAGEMENT
John Deane, Chairman, Treasurer, Oil Ltd.
ENERGY SECURITY AND THE MIDDLE EAST
GEOPOLITICAL OUTLOOK
Charles DiBona, President, The American Petroleum Institute
George Quinsey Lumsden, Director, Oil Market Development, International Energy Agency
Mehdi Vaziri, Senior Analyst, Kiewit-Greaves & Co.
Moderator: Robert Mabro, Director, Oxford Institute for Energy Studies

OCTOBER 23

MINISTERIAL PRESENTATIONS AND DISCUSSIONS
H.E. Rikwanu Lukman, Minister of Petroleum Resources, Nigeria, President of the OPEC Conference
H.E. Arne Oien, Minister of Petroleum and Energy, Norway
H.E. Abd al-Hadi Muhammad Kandil, Minister of Petroleum and Mineral Resources, Egypt
Moderator: Hermann T. Franzen, Economic Advisor of H.E. The Minister of Petroleum and Minerals of the Sultanate of Oman
THE WORLD ECONOMY: RETURN TO NORMAL GROWTH?
Stephen Morris, Senior Fellow, Institute for International Economics, former Chief Economist, O.E.C.D.
Respondent: Timothy Congdon, Chief U.K. Economist, Shearson Lehman Brothers
BREAKOUT GROUPS (These three sessions will run concurrently)
FINANCING EXPLORATION AND DEVELOPMENT
Jean Claude Balaceanu, Director General, Institut Français du Pétrole
David Parker, Manager, Project Finance Unit, National Westminster Bank
THE FINANCIAL HEALTH AND PROSPECTS OF THE OIL INDUSTRY
Dillard Springs, President, Petroleum Analysis Ltd.
CHINA: PROSPECTS FOR OIL DEVELOPMENT
Kia Woodward, President, China Energy Ventures
LUNCH
FINANCIAL STRATEGIES FOR THE OIL INDUSTRY: NEW INSTRUMENTS AND MARKETS
Rodney F. Chase, Group Treasurer, B.P. Finance International
R. Harwell Gardner, Treasurer, Mobil Oil Corporation
Robert B. Weaver, Senior Vice-President, Global Energy Executive, The Chase Manhattan Bank, N.A.
IMPROMPTU PANEL DISCUSSION
Moderator: Nicholas G. Voutis, Oil Consultant, London and The Hague

REGISTRATION INFORMATION

The fee is £595 (plus VAT at 15% £694.25, total £694.25) or the equivalent in a convertible currency for each participant. This includes lunches, a cocktail reception and post-conference documentation. Fees are payable in advance of the conference and will be returned (less £50 administration charge) for any cancellation postmarked on or before October 12. Cancellations postmarked later than October 12 will be charged the full fee. Substitutions may be made at any time.

Please return the registration form to: International Herald Tribune, Conference Office, 63 Long Acre, London WC2E 9JH, or telephone (441) 379 4302 or telex 262009.

Pan Am is the official carrier for the conference and is offering a special service for all delegates travelling from the United States. For further details please call Barbara McCannell 1-800-357-1500, Ref. CVN 6704

CONFERENCE LOCATION

Royal Garden Hotel, Kensington High Street, LONDON W8 4PT. Telephone (441) 937 8000. Telex: 263151. A limited number of rooms have been reserved for participants at preferential rates. Reservations must be received by October 5. Please contact the hotel directly.

CONFERENCE REGISTRATION FORM

Please enroll the following participant for the Oil Conference.

☐ Please invoice ☐ Check enclosed.

SURNAME:

FIRST NAME:

POSITION:

COMPANY:

ADDRESS:

CITY/COUNTRY:

TELEPHONE:

TELEX:

17-8-87

ESORTS & GUIDES

INTERNATIONAL ESCORT

USA & WORLDWIDE
Head office in New York
330 W. 56th St., N.Y.C. 10019 USA
212-765-7896
212-765-7754
MAJOR CREDIT CARDS AND CHECKS ACCEPTED
Private Memberships Available

LONDON

Portman Escort Agency
47 Chiltern Street,
London W1
Tel: 486 3774 or 486 1158
All major credit cards accepted

LONDON KENSINGTON

ESCORT SERVICE
10 KENSINGTON CHURCH ST. W8
TEL: 937 9195 OR 937 9192
All major credit cards accepted

INTERNATIONAL CLASSIFIED

(Continued from Back Page)

ESORTS & GUIDES

ARISTOCATS
London Escort Service
128 Wigmore St., London W1
All major Credit Cards Accepted
Tel: 489 01 71 / 022
12 noon - midnight

REGENCY NY

WORLDWIDE ESCORT SERVICE
212-638-6027 or 755-1844

LONDON

BELGRAVIA
Escort Service
Tel: 736 5877

MAYFAIR CLUB

ESCORT SERVICE from Sun
BOTTLENDAM (0) 10-454183
THE HAGUE (0) 70-60 77 96

CAPRICE-NY

ESCORT SERVICE in NEW YORK
Tel: 212-757 5291

ESORTS & GUIDES

***** ZURICH 558720 *****
Private Tourism Guide Service
Credit Cards Accepted

MADRID

Glamour Escort Service, Tel: 297 90 02

GENEVA ESCORT

Service, Tel: 46 11 58

CHRYSTAL

ESCORT SERVICE 360796

CHELSEA ESCORT SERVICE

51 Boulevard Plaza, London SW1
Tel: 01 584 6513/21/3 (4-12 pm)

GENEVA + DESIREE

ESCORT SERVICE, 022/21 99 61

*****GENEVA BEST

ESCORT SERVICE, 022/21 03 40

ESORTS & GUIDES

ROME CLUB EUROPE ESCORT & Guide Service, Tel: 06/589 2604 or 589 1146 from 4 pm to 7.30 pm

MUSKOWITZ

ESCORT & Guide Service, Credit Cards Accepted, Tel: 021 34 00 84

*****ZURICH

ESCORT & Guide Service, Tel: 059/55 88 26

MADRID IMPACT

escort and guide service, Mullerberg, Tel: 01 252 61 5

LONDON ESCORT AGENCY

Tel: 735 5339

ATHENS INTERNATIONAL Executive Escort Service

Tel: 722 8241

KATRIA ESCORT SERVICE

London 01 535 8611

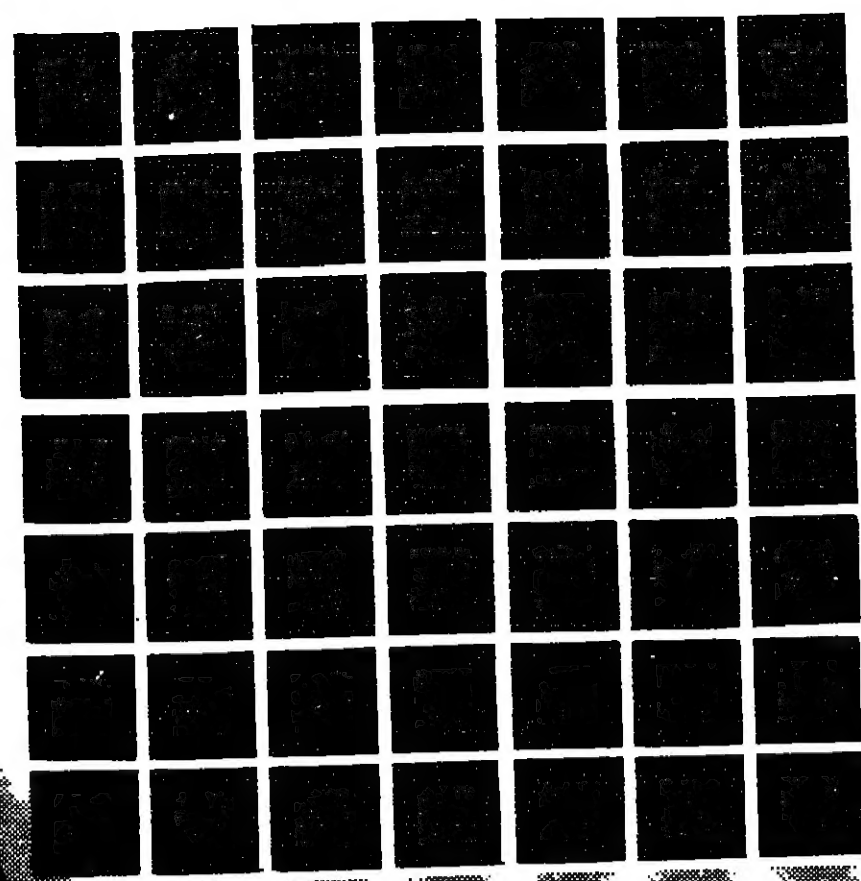
SOPHIE FRENCH

escorting service, Tel: 01 581 4147

VIRGINIA YOUNG

ESCORT SERVICE, Tel: 83 29 71

TOKYO ESCORT / GUIDE SERVICE



Ideas bring growth
to finance.

The birth of Ferruzzi Agricola Finanziaria.

In October 1985 Gruppo Ferruzzi set out its plans to create one of the biggest agro-industrial groups in the world, to extend its activities into new sectors and to expand into new continents. In less than two years Gruppo Ferruzzi has become the largest agro-industrial group in Europe and the third largest in the world. Furthermore it is the second private-sector industrial conglomerate in Italy with an aggregate turnover of over 18 billion dollars. The Group's idea to use agricultural products for industrial and energy uses, and its related programme for environmental protection is a focal point of international debate. The driving force behind this extraordinary expansion has been Agricola Finanziaria, the Group's holding company. Its success on the financial market has allowed it to make large-scale investments such as the acquisition of CPC Europe, leader in the starch sector, the acquisition of a controlling interest in Montedison and Béghin-Say, and the restructuring of the sugar sector which makes the Group Europe's leading sugar producer. The market capitalization of the Agricola Finanziaria group amounts to about 20 billion dollars.

And now it is time for it to grow even more. Agricola Finanziaria is increasingly identified with Gruppo Ferruzzi and so Ferruzzi Agricola Finanziaria has been born.


All the activities of the Group will converge in the new holding company so that in due course Ferruzzi Agricola Finanziaria and Gruppo Ferruzzi will form a single entity. Its theatre of operations is increasingly worldwide.

Ferruzzi Agricola Finanziaria will span five continents.

Its widely diversified activities follow a single vertical structure from agriculture to services, from trading to agro-industry, from chemicals to the advanced services sector and finally to numerous industrial and financial shareholdings. Ferruzzi Agricola Finanziaria will be quoted on all the main European Stock Exchanges including London and Paris. This will lead to a broad national and international shareholder base in line with the Group's importance.

The cycle is in constant movement: two years ago ideas brought growth to finance. Today

Finance is bringing growth to ideas.

 **Ferruzzi
Agricola Finanziaria**

FROM STORING

MONDAY, AUGUST

After Trade
Or Two bu

P...

M...

Cross Rates

American	1.54
British	1.54
French	1.54
German	1.54
Italian	1.54
Japanese	1.54
Swiss	1.54
Other	1.54

Stock Indexes

DJ Ind	2,500
DJ Ind	2,500
DJ Ind	2,500
DJ Ind	2,500
DJ Ind	2,500
DJ Ind	2,500
DJ Ind	2,500
DJ Ind	2,500
DJ Ind	2,500
DJ Ind	2,500

الجمهورية العربية السورية



MONDAY, AUGUST 17, 1987

EUROBONDS

After Trade Data, a Tremor Or Two but No Catastrophe

By JONATHAN ENGEL

PARIS — In case you missed it, Sunday was the day of harmonic convergence. That's when crowds gathered in the United States and other countries to pool their spiritual powers and counteract the catastrophic vibrations that could doom the Earth within 25 years — that is, according to Mayan and Aztec legends.

The bond market equivalent of harmonic convergence was expected late last week, when strong Japanese demand at the U.S. Treasury auction was expected to coincide with better-than-expected U.S. trade figures and produce a period, if not of peace and enlightenment, than at least of higher bond prices.

The market soothsayers got the auction right: Japanese interests bought about 40 percent of the key 30-year bonds Thursday. The June trade figures on Friday were another story. Expectations that the deficit would narrow to about \$13 billion from around \$14 billion in May were dashed when the deficit weighed in at \$15.7 billion. Initially, as the dollar fell, so did the bond market, an unexpected convergence that left few singing.

But then the bond market bounced back, as some analysts and market operators disregarded the trade figures as a less-than-certain indicator for the path of the dollar and U.S. interest rates. There was also strong buying at the lower prices, partly by institutions that failed to get bonds during the auction.

The new 30-year bond, which had fallen as much as 1 1/4 points, ended Friday yielding 8.74 percent, an improvement from the 8.79 percent at Thursday's finish and the average auction yield of 8.89 percent.

As a result, while the short-term outlook for dollar bonds is still cautious, it is far from gloomy. But few analysts expect a rally lasting through the end of the year, as an expected increase in inflation is likely to prompt higher interest rates from the Federal Reserve Board.

For the Eurobond market, syndication managers say, the resilience of dollar bonds has heightened the chances of Belgium and at least one U.S. corporation launching sizeable fixed-rate dollar issues as early as this week.

Meanwhile, last week's flow of Australian and Canadian dollar bonds may diminish, as the sharp improvements in the two countries' domestic bond markets have made funds there relatively cheaper, and increased the difficulty of launching a Eurobond based on a swap for a domestic borrower.

Even before the release of the U.S. trade figures, some analysts were uncertain about the Treasury auction results. The nagging doubt was whether there had been orders from Japanese insurance companies and trust banks behind the bids from the securities firms.

"The key question is whether those traders are going to be able to sell it to retail," said Karen Greenberg, a bond syndication manager at Morgan Stanley International in London. Because of the trade figures, she said, "I suspect that now it's going to be dumped right back in" the market for a quick profit.

At the previous quarterly refunding, in May, much of the surprise Japanese purchases of the long bond turned out to be buying by securities dealers to cover their earlier sales of bonds they did not yet own; they made a quick profit, but actually held flat positions. There had been little buying by Japanese institutions.

This time, the institutions appear to have been bigger players. "I think there was a very good demand," said Robert Brusca, chief economist at Nikko Securities Co. International Inc. in New York. "The retail investor in Japan did buy a lot of bonds."

In the May purchases, "short covering was a bigger portion than investment," said Yukio Okura, treasurer of Taiyō Asset Management of America, based in New York. But Mr. Okura, who represents an arm of Japan's eighth-largest life insurance company, said he believed that the buying last week "was for investment purposes."

The reason, he said, was that "the exchange rate from the yen to the dollar has stabilized compared with May." Even though U.S. government bonds now give a smaller yield gain of 3 1/2 percentage points over comparable Japanese securities than the 5 percentage points in May, the dollar has been trading steadily around 150 to 151 yen. In May it looked like it was faltering, at 140.

But with substantial price gains less likely in bonds, Mr. Okura and other Japanese investment advisers have been shopping in Wall Street. "We are looking at the U.S. stocks, compared with U.S. Treasuries," he said. "The market is very, very strong."

For the bond market, the fact that the trade figures showed a 5.8 percent monthly climb in imports but only a 1.6 percent rise

See EURO BONDS, Page 9

Currency Rates

Currency	Aug. 14	Aug. 15	Aug. 16	Aug. 17
American dollar	100.00	100.00	100.00	100.00
British pound	1.93	1.92	1.91	1.90
French franc	6.55	6.55	6.55	6.55
German mark	3.36	3.36	3.36	3.36
Italian lira	2036	2036	2036	2036
Japanese yen	161	161	161	161
Swiss franc	2.00	2.00	2.00	2.00
U.S. dollar	100.00	100.00	100.00	100.00

Source: Reuters. (1) American dollar; (2) British pound; (3) French franc; (4) German mark; (5) Italian lira; (6) Japanese yen; (7) Swiss franc; (8) U.S. dollar. (9) To buy one pound; (10) To buy one franc; (11) To buy one mark; (12) To buy one lira; (13) To buy one yen; (14) To buy one Swiss franc; (15) To buy one U.S. dollar.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes	Aug. 14	Aug. 15	Aug. 16	Aug. 17
DJ Industrial	2,685.43	2,692.00	2,692.00	2,692.00
DJ Utility	214.79	214.79	214.79	214.79
DJ Transportation	1,101.16	1,102.85	1,102.85	1,102.85
S & P 500	329.38	329.38	329.38	329.38
S & P Industrial	329.38	329.38	329.38	329.38
NASDAQ	186.69	186.69	186.69	186.69
Money Rates				
3-month Treasury bill	7.25	7.25	7.25	7.25
3-month commercial paper	7.25	7.25	7.25	7.25
3-month Eurodollar	7.25	7.25	7.25	7.25
3-month London bank bill	7.25	7.25	7.25	7.25
3-month Japanese yen	7.25	7.25	7.25	7.25
3-month Swiss franc	7.25	7.25	7.25	7.25
3-month U.S. dollar	7.25	7.25	7.25	7.25

As the Oil Dwindles, U.K. Economy Faces Stern Test

By Warren Geller

LONDON — In one of the harshest tests of its economic recovery, Britain is expected to revert to the status of a net oil importer by the early 1990s.

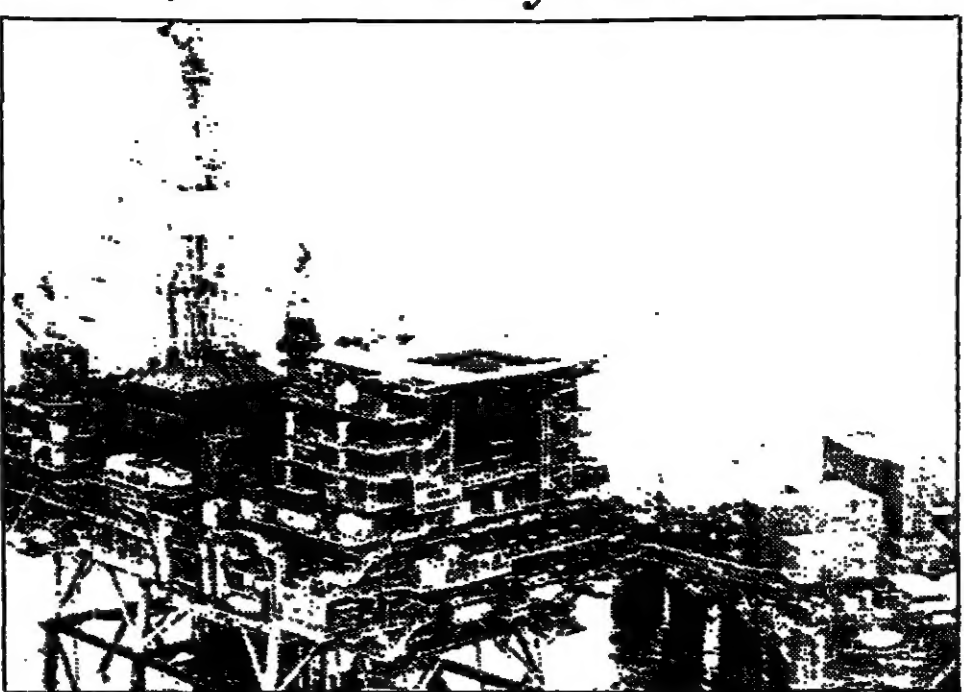
For the moment, government and industry officials are not taking an alarmist view of the steady decline anticipated in North Sea oil production over the next five years. But they are bracing for the consequences.

The prospect of relying on OPEC oil in the 1990s for some of Britain's energy needs is not viewed as a compromise of the nation's independence. Britain was a net importer until mid-1980. It is the speed at which the country may have to revert to that status that may create some discomfort.

The decline in output over the next five years could significantly harm Britain's overall trade balance. It also raises questions about the soundness of the government's budget, future oil company profits and the prospects for more than 40,000 Britons working in the North Sea oil industry.

The issue is not that Britain faces an imminent end to its supply of light Brent crude from the North Sea, where production began in the mid-1970s. With close to 8 billion barrels of proven oil reserves remaining, Britain will produce crude well into the next century, according to industry estimates.

What does await Britain is a long-term trough in production,



A British rig drilling for oil in the North Sea.

the result of the high costs of exploration and discovery in a well-exploited oil region.

"The government's been aware for a long time that North Sea oil production will enter a gradual decline, beginning this year," said Roger Williams, a spokesman for Britain's Department of Energy.

"We are aware of the need to maintain the impetus for exploration and development," he said.

"But it must be said that we have the most responsive oil tax regime in the world; oil companies probably pay less tax on their North Sea operations than anywhere else."

But John Smith, an economics spokesman for the Labor Party and a former oil minister, argues that the Conservative government of Prime Minister Margaret Thatcher has not moved quickly

enough in weaning the economy away from dependence on the North Sea's oil and gas riches.

"North Sea oil has been a huge advantage to Mrs. Thatcher," he said, although "she has been slow to acknowledge that."

See OIL, Page 11

Banks Have Dug Out of Debt Crisis, but Developing World Is Still Mired

By Hobart Rowen

WASHINGTON — The conventional wisdom in U.S. banking circles, strongly supported by Treasury Secretary James A. Baker 3d, is that the Latin American debt problem is under control, and that there is little danger that it will trigger the kind of economic disaster once thought possible.

"My view is that we're in considerably better shape than we were in August 1982," Mr. Baker said in an interview, "and that the principles that underlie the case-by-case approach are still valid, if you're going to solve the problem on the private side."

"It's easy for anybody to say that we ought to solve the debt problem on the official side: That puts it on the taxpayers of the creditor countries," Mr. Baker said.

But has the crisis really been resolved? Richard Feinberg, vice president of the Overseas Development Council, said, "In terms of 1982 versus 1987, I'd say that the banks have dug out from under. But paradoxically, the borrowing countries are still mired in debt."

Although governments, under the strategy devised by Mr.

Baker, were supposed to increase their exposure of Third World loans relative to their total business, Mr. Feinberg said the banks had been gradually reducing their Third World exposure ratio. For the debtors, that means their ratio of loans to gross national product, their total output of goods and services, has been declining.

"People who look at the problem from the bank's side tend to feel that, 'Well, you know, we're making gradual progress,'" said Mr. Feinberg. "And that's right: The banks have been making gradual progress. But people who look at it from the debtor-country point of view see unresolved problems."

Brazil's declaration early in 1987 of a moratorium on paying the interest on \$68 billion it owes to commercial banks came as a shock. It destroyed the illusion that, somehow, things would right themselves. Economic growth in Brazil in 1985-86, hailed by some as evincing that the system was "working," has stalled.

Nonetheless, Mr. Baker said, the international financial system is "on sounder footing," because the banks have increased their capital and reserves, and the International

Zambia Announces Recovery Plan

Compiled by Our Staff From Dispatches

LUSAKA, Zambia — A \$3.3 billion kwacha (\$412.5 million) economic recovery program, replacing an abandoned International Monetary Fund plan, has been announced by the government.

The program is aimed at attaining economic growth of about 2.2 percent in Zambia by the end of next year. The government abandoned an IMF austerity program on May 1 in protest at its severity.

The government said its plan was designed to curb inflation, which has been running at up to 50 percent, and rekindle growth by directing scarce foreign exchange into priority sectors. The program is supposed to gradually end access to free medical care and education, slim down the civil service and restrict consumption of imported goods.

"We must eat what we produce," President Kenneth Kaunda said Saturday in a television broadcast launching the plan. He said foreign exchange would be managed as a "strategic resource."

Mr. Kaunda called for assistance from donor countries, the IMF and the World Bank in the new program. "The theme of this strategy is growth from our own resources," he said. "This does not mean, however, that Zambia no longer requires external assistance or support."

Monetary Fund, World Bank and commercial banks "have demonstrated their support for debtor reform efforts to improve growth and are working closely together to ensure continued progress on the debt problem."

Essentially, Mr. Baker wants to

stock prices high so as not to give out too much stock and thereby dilute existing investors' holdings. That will force the banks to work doubly hard to produce higher third- and fourth-quarter profits.

"Their third-quarter performance will be critical because they will all be going to the market," said Thomas Steiner, a partner in the banking practice at McKinsey & Co., the management consultants.

The other school of thought says the banks will not need to sell stock, at least not this year. According to this line of reasoning, the banks' emphasis will instead be on rethinking their overall plans to eliminate losing businesses and strengthen money-making ones.

"There is going to be a lot less spending for the future and a lot fewer 'strategic' acquisitions," said Stephen Berman, an analyst at County Securities.

But despite the short-term pain that the reserve buildups are causing the banks, there is a consensus that the move was beneficial. The most immediate effect was a big jump in the banks' stock prices, which had not budged for months.

And, bank experts say, now that the banks have taken their earnings hit, they are in a position to take even bolder action on the debt, including selling their loans at a loss in the secondary market or offering debtor countries forgiveness of principal.

But in any case, the second quarter was mediocre for the major U.S. banks. Largely because Ecuador, which has experienced a big drop-off in foreign exchange, are still not paying interest on their borrowings, many of the banks reported a significant increase in their nonperforming assets over a year ago.

How to Refill a Loan-Loss Cushion

By Eric N. Berg

NEW YORK — Now that the major U.S. banks have used up most of their cushion against loan losses to account for problem Latin American loans, how are they going to rebuild it?

That has become a central question in banking circles in the aftermath of the decision by the banks last quarter to build their reserves for loan losses to account for problem Latin American loans.

The buildup in the reserves resulted in an aggregate second-quarter loss for the 15 largest banks of \$10.8 billion, the largest industry loss since the Depression. In terms of return on assets, a key measure of bank profitability, the banks lost an average of \$4.14 for every \$100 invested in the business.

The addition to reserves came from the banks' shareholders' equity, their cushion against loan losses that is the excess of assets over liabilities. For some banks — notably, Bank of America, Manufacturers Hanover Trust Co. and Citibank — the reserve buildups reduced common shareholders' equity relative to assets to less than 2 percent. In the past, the percentage for big money-center banks has been 5 or more.

So just about all banking experts agree that the level of equity in the banking system has become uncomfortably thin, if only because further reserve buildups, to account for additional Latin loan problems, may follow. Two schools of thought have emerged to describe what the banks will likely do about all this.

One school says that the banks, under pressure from regulators, will be forced to sell stock before the end of this year, if not in the current quarter. According to this line of thinking, the banks will have to keep their

less of quality, were included in official calculations of output.

The quality control plan does not yet fully apply to the construction industry, notorious for its low standards. This sector increased output by 2.5 percent from January to July.

Only 72 percent of industrial enterprises fully met their delivery contracts in the first seven months of 1987, the official figures showed.

Labor productivity rose by 3.6 percent against the like period of 1986, below the 5 percent recorded in January to July last year.

However, Western economists

When in Washington, D.C. meet me at Blackie's House of Beef. Adjacent to the Washington Metro at OUR 41st YEAR.

Manpower Inc. Rejects Bid by Blue Arrow PLC

Reuters

CHICAGO — Manpower Inc., the world's largest temporary services company, has rejected a \$1.2 billion takeover bid by British-based Blue Arrow PLC.

However, Manpower did not rule out being acquired if a higher offer were presented, and said Saturday that it would seek to enhance its value for shareholders through acquisition of a large company.

Manpower's board unanimously rejected Blue Arrow's \$75-a-share offer for each of its approximately 10 million common shares outstanding, according to a statement from Manpower's headquarters in Milwaukee.

It said the board recommended that shareholders refuse the offer. On Friday, Manpower shares closed at \$74.75 on the New York Stock Exchange, dropping \$1.25 in anticipation of developments from the directors' meeting.

On Saturday, the board also directed management to prepare a shareholder rights or similar plan designed to protect shareholders against an acquisition of the company at an inadequate price. Such plans are generally known as "poison pills."

Blue Arrow is the biggest employment agency in Britain. But it

is much smaller than Manpower, which operates around 1,400 offices in 34 countries, half in the United States.

Launching the offer on Aug. 4, Blue Arrow said it would be financed through an \$837 million (\$1.33 billion) 5-for-2 rights issue, twice the company's capitalization.

In an interview, Manpower's president, Mitchell Fromstein, said the company wanted "to develop the opportunity to acquire a company of substantial size for stock whose business is strategically related to ours; who will have a strong performance, track record; and who will have good current earnings."

"We have spent the past week speaking to a number of companies who fit that description," he said, without identifying the companies.

Mr. Fromstein said Manpower would "listen to companies interested in acquiring us at a higher price than that being offered," and would pursue the possibility of restructuring.

The Manpower president traveled to London last week to seek new bidders for the company.

Mr. Fromstein said Blue Arrow bought 125,000 shares of Manpower on July 14.

the "Baker 15" pledged to undertake basic economic policy changes to assure economic growth.

The 15 countries are Argentina, Bolivia, Brazil, Chile, Colombia, Ivory Coast, Mexico, Morocco, Peru, Uruguay, the Philippines, Ecuador, Nigeria, Venezuela and Yugoslavia.

In line with Mr. Baker, William R. Cline of the Institute for International Economics argues that while some new techniques may be called for to mobilize the flow of money to debtors, the basic strategy followed since 1982 is still the right one, although he concedes that the "impressive" adjustments made by debtor countries have often also been painful.

Specifically, Mr. Cline rejects the idea that "the time has arrived for programs of widespread debt forgiveness," as suggested by a banker, Felix Rohatyn of Lazard Freres; Senator Bill Bradley, a Democrat of New Jersey, and others in Congress.

Senator Bradley has contended for the past year that "piling new debt on top of old" only adds to the problem.

Senator Bradley's plan is based on forgiveness of 3 percent of the

principal and 3 percent of the interest per annum over three years.

Also showing concern about current developments is Michel Camdessus, the new managing director of the International Monetary Fund. He believes it will take longer to resolve the debt problem than was once believed and that efforts must be stepped up, especially in Africa, where the debt totals are less dramatic than in Latin America, but potential consequences are equally serious.

Over the past five years, most of the 15 countries under the Baker plan have not been able to achieve sustained economic growth.

Ten of the largest ones now have a combined deficit of \$13 billion on current account, a broad measure of trade performance.

The bottom line, as Mr. Feinberg sees it, is that there is now a "negative" flow of funds to the poor countries: The Third World is actually sending back around \$30 billion a year to the rich world, mostly in interest payments.

The optimists who side with Mr. Baker believe that a recent \$2 billion bank package for Argentina

See DEBT, Page 9

SAVE & PROSPER

FAR EASTERN FUNDS S.A.

NOTICE IS HEREBY GIVEN THAT:

1. The Directors have declared the payment of a dividend of US\$0.0054 per share in respect of the year ended 30th June 1987. In order to receive the dividend holders of bearer shares must submit Dividend Coupon No. 6 to the office of the Administrator, Save & Prosper (Jersey) Limited, PO Box 73, 45 La Motte Street, St Helier, Jersey, Channel Islands or to one of the designated agents of the Fund listed below:

(a) The Bank of N T Butterfield & Son Limited, Hamilton, Bermuda.
(b) The Hongkong and Shanghai Banking Corporation, 99 Bishopsgate, London EC2P 2LA.

Payment of dividends against presentation or tender of dividend coupons will constitute absolute proof of the discharge by the Fund of its liability therefor.

2. A number of dividend payments represented by bearer shares have still not been claimed for the following distributions:

(a) First dividend paid in US dollars on 15th August 1984 in respect of the year ended 30th June 1984 US\$0.075 per share (submit Coupon No. 2 in order to claim).
(b) Second dividend paid in US dollars on 15th August 1985 in respect of the year ended 30th June 1985 US\$0.105 per share (submit Coupon No. 3 in order to claim).
(c) Third dividend paid in US dollars on 15th August 1986 in respect of the year ended 30th June 1986 US\$0.057 per share (submit Coupon No. 4 in order to claim).

3. Holders of bearer certificates are reminded that in order to claim for the sub-division of shares in the Fund by the issue of seven new shares for every one held as at 30th June 1987 they should return Dividend Coupon No. 5 from each certificate to the Fund's Administrator. Immediately on receipt thereof, bearer shareholders should claim the dividend for the year ended 30th June 1987 by returning Dividend Coupon No. 6 from each certificate to the Fund's Administrator.

4. The Annual Ordinary Meeting of Shareholders will be held at Thirty Cedar Avenue, Hamilton, Bermuda on 4th September 1987 at 12 noon for the following purposes:

(a) To receive the Report of the Directors and the Financial Statements for the year ended 30th June 1987.
(b) To appoint auditors at a rate of remuneration to be decided by the Directors.
(c) To fix the number of and to elect Directors.
(d) To determine the remuneration of the Directors.
(e) To transact any other business of an Annual Ordinary Meeting of Shareholders.

By Order of the Board
J D CAMPBELL
Secretary



SELECTED U.S.A./O.T.C. QUOTATIONS

Symbol	BID	ASK
Alan Jones Pit Stop	2 1/4	2 1/4
Bitter Corp.	1 1/2	2 1/2
Chiron	24 1/4	24 1/4
GoodWork Foods	17 1/2	17 1/2
MAG Holdings	4 1/4	4 1/4
NAV-AIR	3 1/4	3 1/4
Speadadyne	4 1/4	4 1/4

WITH COMMENTS OF CONTINENTAL AMERICAN
These are indicative prices as of July 30, 1987

New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Mat.	Coups	Price	Price and week	Terms
FIXED-COUPON						
DFC Finance Overseas	\$132	1992	8%	100	—	Coupon payable in New Zealand dollars. Redemption at maturity will be 65% in U.S. dollars and 35% in NZ dollars. Noncallable private placement. Fees 18%.
Nordic Investment Bank	\$100	1991	8%	100 1/16	99.51	Noncallable. Also 50,000 warrants, to be priced at \$5% minimum, exercisable on March 29, 1991 only, into 80% new shares. Fees 18%.
Den Norske Creditbank	NK 300	1994	10%	99%	—	Noncallable. Fees 18%.
Esportifins	NK 250	1992	10%	101%	99.38	Noncallable. Fees 18%.
Svenska Handelsbanken	NK 350	1992	10%	101%	—	Noncallable. Additional NK350 million available for a 2-yr top. Fees 18%.
Boeyertyp Finance	CS 65	1992	10%	101%	99.50	Noncallable. Fees 18%.
Berliner Bank	CS 75	1991	10%	101.30	99.80	Noncallable. Fees 18%.
BHF Bank Finance	CS 60	1992	10%	101%	99.63	Noncallable. Fees 18%.
GMAC Canada	CS 100	1992	10%	101%	99.25	Noncallable. Fees 18%.
Banque Générale du Luxembourg	Aus 50	1990	13%	101%	100.25	Noncallable. Fees 18%.
Bardays Australia Finance	Aus 50	1991	14	101%	100.70	Noncallable. Fees 18%.
BNP Pacific	Aus 50	1990	14	101.80	100.50	Noncallable. Fees 18%.
WestLB Finance	Aus 50	1990	13%	101%	101.00	Noncallable. Fees 18%.
BP Capital	NZ\$ 60	1990	17	101%	99.88	Noncallable. Fees 18%.
Commonwealth Bank of Australia	NZ\$ 50	1990	17%	101%	100.00	Noncallable. Fees 18%.
EQUITY-LINKED						
Asahi Glass	\$200	1992	open	100	99.00	Coupon indicated at 3%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 26%. Terms to be set Aug. 24.
Furukawa Electric	\$150	1992	3%	100	103.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 75% per share and of 152.15 yen per dollar. Fees 26%.
Sumitomo Construction	\$50	1992	3	100	—	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 65% per share and of 152.75 yen per dollar. Fees 26%.
Tokai Marine & Fire Insurance	\$200	1992	open	100	98.50	Coupon indicated at 3.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 26%. Terms to be set Aug. 18.
Tokai Chemical Industries	\$80	1994	4%	100	99.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 65% per share and of 152.15 yen per dollar. Fees 26%.
Yasuda Trust & Banking	\$100	2002	open	100	99.75	Coupon indicated at 1.98%. Convertible at an expected 3% premium. Fees 26%. Terms to be set Aug. 20.
Deutsche Bank Finance	DM 750	1993	5	125	—	Noncallable. Each \$10,000 note with 2 warrants exercisable into shares of Deutsche Bank AG at 60% per share, a 4% discount. Fees 26%.
Associated Newspapers Holdings	£50	2002	6	100	—	Convertible at \$11.20 per share, a 25.50% premium, into 8 shares of Reuters Holdings PLC. Fees 26%.
Grand Metropolitan	£100	2002	6%	100	100.50	Callable at 101 in 1992. Convertible at 67% per share, a 20.97% premium. Fees 26%.

BUSINESS ROUNDUP

Harcourt Restructuring Brings \$70 Million Loss

The Associated Press
NEW YORK — The U.S. publisher Harcourt Brace Jovanovich Inc. has reported a second-quarter net loss of \$70.8 million, largely because of costs associated with a \$3 billion restructuring that thwarted a hostile takeover.

The loss in the three months ended June 30 compared with earnings of \$10.91 million, or 31 cents a share, in the year-earlier period, the company said Friday. Revenue rose 31 percent to \$408.7 million.

For the six months ended June 30, Harcourt posted a loss of \$98.5 million, compared with earnings of \$3.43 million, or 10 cents a share, in the first half of 1986. Revenue was \$740 million, up 35 percent from \$544 million in the first half of 1986.

Faced with an unfriendly bid by

British Printing & Communications Corp., which is controlled by Robert Maxwell, Harcourt said in June that it would recapitalize, pay out about \$1.67 billion in cash dividends to shareholders and assume \$1.3 billion in new debt.

Harcourt's chairman, William Jovanovich, assailed Mr. Maxwell's takeover attempt as "preposterous." In its aggressive effort to remain independent, the company also said it would undertake a far-reaching restructuring program that includes asset sales, staff reductions, cancellation of philanthropic activities and wage freezes.

Mr. Maxwell dropped the bid last month after a U.S. judge rejected a claim by British Printing that the Harcourt plan was illegal.

Figured into the results released



William Jovanovich

Friday were \$98.9 million for expenses related to the plan and an \$11.2 million charge for the purchase and retirement of debentures.

Harcourt, based in Orlando, Fla., is one of the world's largest publishers of textbooks and other educational materials. It also owns and manages theme parks and insurance companies.

GM and Chrysler Incentives Will Apply to Pickup Trucks

The Associated Press
DETROIT — General Motors Corp. has expanded its buyer incentive program to include compact pickup trucks, a move matched by Chrysler Corp.

GM announced Aug. 5 a program of incentives including 1.9 percent financing or rebates of up to \$2,000 on about 90 percent of its passenger cars. Ford followed with car incentives the next day and Chrysler a day later.

GM's announcement Friday adds the Chevrolet S-10 and GMC S-15 pickups and Chevrolet Blazer and GMC Jimmy sport-utility vehicles to its program. Rebates on the trucks range from \$500 to \$1,000.

Chrysler said it was responding with a 1.9 percent rate for 24-

month loans on its Dodge Dakota and Dakota S mid-size trucks. Buyers can opt instead for a \$1,000 rebate on the Dakota and a \$500 rebate on the Dakota S.

From Aug. 1 to Aug. 10, GM's truck sales leaped 50.4 percent over the year-ago period to 41,959. But a spokesman, Harold Jackson, said that the largest U.S. automaker decided to add the trucks to the incentive program because "this is a very highly competitive market and we are anxious to move these models."

Also Friday, Chrysler's American Motors Corp. subsidiary announced interest-free financing on 24-month loans in addition to rebates on its Renault Alliance, Encore and GTA models. All buyers get a \$500 rebate — the only offer of both rebates and low loan rates.

Mesa-Led Group Seeks Talks With Newmont Mining

Compiled by Our Staff From Dispatches

WASHINGTON — Ivanhoe Partners, an investment group that has said it may seek control of Newmont Mining Corp., said it wants to meet with Newmont's management and Consolidated Goldfields PLC, which holds 26 percent of Newmont.

In a filing Thursday with the Securities and Exchange Commission, the investment group, which is led by Mesa Limited Partnership, said it had acquired 9.1 percent of Newmont for \$379 million.

A letter from the partnership to Newmont's chairman, Gordon Parker, said, "We would welcome the opportunity to meet with you to discuss alternatives for advancing the objectives of all parties."

A similar letter was sent to London-based Consolidated Goldfields. Both letters were signed by T. Boone Pickens, the Texas oilman who heads Mesa. Mesa holds a 45 percent interest in Ivanhoe Partners. The remaining interests are held by affiliates of NRM Energy Co., Harbert Corp. and Galactic Resources Ltd. (Reuters, NYT)

Mellon Bank Executive Gets His Wish And Is Laid Off in Cost-Cutting Drive

The Associated Press

PITTSBURGH — A Mellon Bank vice president who recommended elimination of his job to help cut costs at the troubled bank has been laid off, according to bank officials.

Dennis C. Eisenreich left his job last Wednesday, said Sandra McLaughlin, a spokeswoman. He had worked for the bank for 11 years, most recently as head of its small business division.

Mr. Eisenreich suggested that his job be eliminated after Mellon's new chairman, Frank V. Calhoun, asked department heads to suggest ways to reduce payroll expenses. Last week, Mr. Calhoun said the bank planned to eliminate 1,800 to 2,000 jobs in an effort to restore profitability. Mellon posted a first-half loss of \$636 million this year.

In a memo to his department's employees earlier this month, Mr. Eisenreich said that he had recommended "the elimination of my job. Considering the cuts required, my limited management responsibilities... and my own uneasiness, I feel the logical place to begin cutting is at the top."

Saudi Investment Bank's Profit Rises

Reuters

RIYADH — Profit nearly quadrupled at Saudi Investment Bank in the first half of 1987, to 4.39 million riyals (\$1.17 million), the bank said Sunday.

Net profit had been 1.11 million riyals in the first half of 1986.

The bank said the 1987 results were improved by a reduction in operating expenses and the success

of a special credit unit in tackling the bank's problem loans.

Saudi Investment Bank set loan-loss provisions of 20 million riyals, unchanged from the year-earlier period.

Saudi Investment Bank is one of nine joint-venture banks in Saudi Arabia. Its foreign shareholders include Chase Manhattan Bank and Commerzbank.

EUROBONDS: Market Takes Trade Deficit in Stride

(Continued from first finance page)

in exports is also open to interpretation, economists say. One contention involves the dollar, which fell Friday because the trade deficit reflects both a growing supply of dollars abroad and the need for further falls in the currency to improve the trade balance.

"Some economists emphasize that a lower dollar would help exports but would boost import prices and thus cause inflation. It also would discourage foreign buying of U.S. Treasuries, demand that is necessary if the government is going to fund its massive budget deficit without driving up interest rates."

Another view is that a large trade deficit will produce an economic slowdown, with little danger of the inflation that bond investors loathe, because exporters and producers for the domestic U.S. market will have to curtail expansion and even reduce operations.

With the major central banks of industrialized democracies pledged to keep exchange rates stable, some bond dealers said that this second interpretation appeared to gain converts late Friday. Another U.S. indicator released Friday, July industrial production, added a further dimension to the argument.

This figure showed a higher-than-expected 0.8 percent jump, following gains of 0.4 percent in June and 0.7 percent in May. For some bond market economists, who believe that such strong growth will also boost inflation, the industrial production figure confirmed the gloomy market assessment based on the trade data.

John Lipsky, of Salomon Brothers Inc., is one of them. The trade

figures, he said, "were just plain bad across the board," and indicate the difficulty in improving the trade balance with the dollar's current exchange rates and the strong domestic demand for imports.

Referring to the poor trade figures, a weaker dollar and strong industrial production, he said:

Robert Brusca of Nikko Securities, pointing to a jump in U.S. industrial output, suggested that a trade correction is under way.

"It's hard to see on a fundamental basis that that's good for the bond market."

Mr. Lipsky, like other economists questioned, said that the modest 0.2 percent rise in July U.S. wholesale prices announced Friday indicated that inflation remained under control. The gain matched the June increase and was below May's 0.3 percent rise.

But he said that the trend was unlikely to last. Mr. Lipsky predicted consumer price increases of 5 to 5.5 percent on an annual basis by the end of the year, compared with an annual rate of 4.3 percent in June.

The trade and production figures, and evidence of renewed concern in several countries over inflation,

suggest that the top central banks may need to shift their emphasis away from currency stability and begin thinking again about tightening monetary policy.

Mr. Brusca of Nikko Securities said, however, that he was largely disregarding the trade numbers because they "were not adjusted for seasonal variations and do not reflect more current developments." "I think we should assume that the correction is going on in trade," he said. He pointed to the higher industrial production figures as evidence.

With the moderate rise in wholesale prices, "The inflation news is really very good, and I think that's what the bond market's looking at," he said. U.S. industry capacity should be able to absorb fresh demand, he added. "I don't think we have a homegrown variety of inflation right now."

Coupled with the poor performance of a Tokyo bond market, jittery over inflation, he said, these figures create "a great environment for bonds" in the short term. He predicted that the yield of the 30-year bond could fall to 8% percent within two weeks, near the mid-July level.

As for upcoming Eurobond offerings, syndication managers said that Belgium was expected to raise as much as \$400 million with a five-year bond priced about 50 to 55 basis points over an equivalent U.S. Treasury issue.

A major U.S. corporation is also likely to tap the market for \$200 million to \$250 million, paying 30 to 40 basis points over Treasuries depending upon whether the maturity is three or five years.

London Stock Snarl-Up: Good News for the Back-Room Boys

By Steve Lohr
New York Times Service

LONDON — In the social pecking order of the London securities industry, the back-office workers have always been the proletariat, several rungs below the salesmen and traders of the front office in status and salary. The flamboyant dealers had the Porsche cars, Chelsea apartments and six-figure salaries, while the denizens of the back office had pub lunches and low commutes.

Yet the standing and pay of the once-lowly "back-room boys" are soaring as a belated by-product of London's Big Bang deregulation last year.

Since the London markets opened up, stock trading volume has nearly tripled, creating a huge snarl-up in the industry's back offices, where buy and sell orders must be matched up, invoiced and settled.

By now, the backlog of unsettled trades has snowballed to an estimated \$9 billion, four times the level less than a year ago.

The delays, costs and risks of the logjam have prompted increasing concern from industry executives and stock exchange officials who warn that the problem could push some securities houses into bankruptcy, especially if the buoyant London market falls sharply.

And because back-office problems increase dealing costs for investors, it could undermine the Thatcher government's drive to broaden stock ownership and make Britain a "shareholding democracy."

Some securities executives are quietly urging the government to delay the sale of its 31.7 percent stake in British Petroleum Co., slated for this fall, for fear that it will dangerously increase the settlement backlog.

London's troubles are similar to the settlement difficulties Wall Street went through in the late 1960s, when beleaguered back offices got so far behind that the market was shut down every Wednesday for months to catch up.

But Wall Street soon adopted automated methods to



Employees at the London Stock Exchange.

take much of the paper shuffling out of back office operations. For London, the settlement snarl comes at a bad time, just as it is striving to persuade investors worldwide that it is the most efficient center for international share trading.

"Firms have come to recognize that the money made in the front office can be lost in the back office," said William Dyson, director of administration for Phillips & Drew, a London brokerage.

Back-office workers now find themselves being courted by headhunters bearing lucrative salary offers and "golden handouts," special payments to get them to stay at a particular company.

The head of settlements for the brokerage arm of a major British bank said he had been called by recruiters eight times in the past three weeks, offering to more than double his salary to roughly \$200,000 a year.

"The back office is certainly where the demand is now," said Clive Blomfield-Smith, managing director of Directorship Appointments, a recruiter for the securities industry.

BEIRUT: Leaders Fear Revolt if Subsidies Are Halted

(Continued from Page 1)

lion, a record low. Subsidies for gasoline and wheat imports are costing the Treasury about \$50 million annually.

The merger foreign exchange holdings are a major hindrance to the central bank as it seeks to influence the free foreign exchange market in Beirut. The Lebanese pound traded last week at about 225 pounds to the U.S. dollar, compared with 14 pounds in 1985.

The country has considered such drastic measures as selling one-fifth of its gold reserves to prop up the ailing currency.

The pound has lost 80 percent of its purchasing power over the past two years. The lack of resources and buying power has made life even more difficult for the Lebanese, whose energy has already been drained by long civil strife.

Workers take time out from their jobs to wait in long lines for gasoline for their cars. Homemakers spend hours at bakeries in hopes of buying bread for their families.

Most Lebanese economists and experts from the International Monetary Fund say that discontinuing subsidies is the only way to halt the drain on the Treasury.

Mr. Naim, the central bank governor, met IMF officials in Cyprus earlier this month.

Politicians, however, are afraid that ending subsidies would provoke a revolt. The national labor confederation, with 300,000 members, has threatened to call an indefinite strike if the subsidies are lifted.

The labor alliance is also demanding a 110 percent increase in wages retroactive to Jan. 1 to compensate for inflation. The confederation has released statistics indicat-

ing that consumer prices rose by 129 percent in July alone.

President Amin Gemayel and other Christian leaders, noting that the government has not been meeting for the past 18 months, say that the economic crisis can only be attributed to political strife.

Muslim officials still refuse to meet under President Gemayel and hold him responsible for failure of efforts to reform the Lebanese political system.

The Lebanese Front, an alliance of Lebanon's main Christian political groups, militias and prominent figures, demanded last week that a new cabinet be formed to deal with the country's economic dilemma.

Prime Minister Rashid Karami, a Muslim, was assassinated June 1 in a bomb explosion aboard a military helicopter as he was flying from northern Lebanon to Beirut.

Finance Minister Camille Chamoun died Aug. 7 of heart failure.

Amid the political disunity, there is no consensus on how to attack the economic problems. The proposal by Salim al-Hoss, the acting prime minister, to sell one-fifth of the gold reserves and use the proceeds to stabilize the pound ran into immediate opposition from Christians last week.

Joseph al-Hashem, the acting finance minister and a close adviser to Mr. Gemayel, said that the value of the Lebanese pound would immediately plummet an additional 20 percent if one-fifth of the gold reserves were sold.

Lebanon holds 9.2 million ounces of gold valued at \$4 billion at current international rates. Mr. Hoss proposes that the 20 percent held at Fort Knox, in the U.S. state of Kentucky, be sold on the open market for \$800 million.

London Futures Exchange Suspends 9 For Violations and Fines Their Firms

Reuters

LONDON — The London International Financial Futures Exchange, after an investigation of apparent rule violations, said it had fined five member firms and barred nine individuals from trading for periods of up to a year.

The heaviest fine, £25,000 (\$39,730) was imposed on Cargill Investor Services Ltd., the British brokerage arm of Cargill Inc., the exchange said Friday.

The firm's former floor manager at the exchange, Keith Catchpole, was suspended from trading for a year. Another former Cargill employee, Julian Shelbourne, was fined £2,500 and suspended for a month.

The exchange said that Mr. Catchpole and five other traders had sought to transfer members' profits abroad through purported trades between July 1985 and January 1986.

Cargill Investor Services said in a statement that it did not benefit from or condone the activities of Mr. Catchpole and Mr. Shelbourne. But the firm said it accepted the findings of the inquiry.

Among the other penalties was a £20,000 fine on the futures firm Jordonis Ltd.; a six-month suspension for a trader of the firm, Barry Heath; and a four-month suspension for Terry Crawley, another Jordonis trader.

The chief executive of the exchange, Michael Jenkins, said that clients of exchange members had not been damaged by the rule violations.

INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric International Positions.

TITLE	SALARY	EMPLOYER
HORSE TRAINER		The Department of Civil Servants Affairs of Finance & Petroleum, State of Qatar.
TREASURY MANAGEMENT	£200,000+ bonus & benefits	Price Waterhouse.
COMMERCIAL DIRECTOR	£35,000+ car + benefits	PA Personnel Services.
INT'L MARKETING		Hoggett Bowers.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neuilly Cedex, France. Tel: (1) 46.37.93.81; Telex: 613595

DEBT: Banks Dig Out, but Third World Is Still Mired

(Continued from first finance page)

belies the contention that the banks are pulling out. They believe a similar new package will be fashioned for Brazil, and that a new "menu" approach modifying the Baker plan will proliferate.

This approach allows the commercial banks to shift some of their outright loans into debt-equity swaps, or "exit bonds," or any number of other new formulas that will keep bank investment growing in the Third World.

Critics of the Baker strategy are skeptical that the "menu" options, by themselves, will be enough. They argue that the banks are retreating from their major financing role in the developing world.

Instead, they think that the World Bank, the IMF and other development banks must bear an increasing share of the burden of lending to the Third World.

The unspoken implication of that is precisely what Mr. Baker fears: If the private sector withdraws, governments, and thus ultimately taxpayers, will bear an increasing share of the burden of Third World lending.

Under current policy, if no changes are made, the IMF will be a recipient of large net repayments this year and next from the Latin debtors, including \$2.1 billion from Brazil alone, according to Rimmer de Vries of Morgan Guaranty Bank.

The IMF also will be receiving almost \$2 billion a year from Africa, which in effect is recycled to the World Bank.

So something new is likely to shape up for Africa, with the IMF in the lead.

The World Bank boosted its loans to the major Latin American borrowers by \$1 billion last year, but in the view of many, it should do more.

Mr. De Vries said that both the IMF and the World Bank should be able to jump into the void left by the commercial banks. The IMF not only has available a reflow of money from older loans, but can tap Japan's wealth, that country having offered to lend the IMF large sums out of its current account surplus.

Japan is also making funds available to debtors through its own Export-Import Bank, and through the World Bank and the bank's concessional affiliate, the International Development Agency.

The Baker plan moved from emergency, short-term fixes to the concept that regenerating economic growth in key debtor countries was at the heart of the problem.

It also displayed an understanding that the big industrial nations, through the World Bank and IMF, had a responsibility for assuring a continuing flow of money to the Third World.

But whether the plan will be

enough over the next few years continues to be a subject of debate. What seems clear is that the commercial banks, regardless of what they say publicly, are fed up with the Baker plan.

Horst Schulmann, director of the Institute of International Finance Inc., the official Washington lobby for big bankers, indicates that his clients are gun-shy from rollovers, reschedulings and actual losses. Now, they want to pick their spots for new loans.

"What we are saying is that if conditions are right, if there are sound projects, there is a lot of money in international capital markets that can be mobilized," Mr. Schulmann said in an interview. "But the developing countries will have to compete with all the others, and make it attractive for commercial lenders."

Those who have trouble reading between those lines have only to consider the action by Citibank and other banks earlier this year in setting aside large loan-loss reserves for Third World debt.

The logical explanation is that major banks have finally faced the reality: Many of their Third World loans carried at full value are worth only a fraction of the original debt, or will not be paid off at all.

Surely, then, the commercial banks will resist new loans, whatever their pro forma support for the Baker plan.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

[illegible][illegible][illegible][illegible][illegible]

Mutual Funds

Funds

NEW YORK (AP)— The following firms: Bull & Bear Co.

[illegible][illegible][illegible][illegible][illegible]

American Exchange Options

Figures as of close of trading Friday

[illegible][illegible][illegible][illegible][illegible]

SPORTS

Phillies Beat Cardinals, 4-3, as Rawley Wins 15th

The Associated Press

ST. LOUIS — Juan Samuel singled in two runs in the seventh inning Sunday afternoon to give the Philadelphia Phillies a 4-3 triumph over the St. Louis Cardinals and Shane Rawley his major league-high 15th victory.

Rawley, in winning his seventh straight, tied Rick Sutcliffe of the Chicago Cubs for most victories in the National League. He gave up four hits in six innings, including Jack Clark's home run during a two-run first. Clark led off the ninth with his 33rd homer, off Steve Bedrosian, but with Jose Oquendo on second base, Bedrosian retired John Morris

on a fly to center for the final out. The Cardinals' John Tudor entered the seventh with a two-hitter and a 2-1 lead. But Glenn Wilson singled and, after Rick Schu forced him at second, Steve Jeltz doubled and Tudor walked pinch hitter Ron Roenicke to load the bases. Samuel followed with his line drive to center to score Schu and Jeltz.

Expos 10, Pirates 7: In Montreal, Tim Lincecum singled, doubled twice, tripled and homered and Tom Foley hit a three-run homer as the Expos won their fourth straight, sweeping the series with Pittsburgh.

Montreal trailed, 7-4, when

SUNDAY BASEBALL

Raines, the first Expo to hit for the cycle since Tim Lincecum in 1976. Lincecum hit a double and scored on Mitch Webster's single. Herm Winningham walked and, one out later, Andres Galarraga hit a grounder through second baseman Johnny Ray's legs to score Webster. Foley then homered on the first pitch from Brad Glendon.

Astros 6, Braves 2: In Houston, Billy Hatcher drove in a four runs with a double and a single against Atlanta.

Indians 1, Yankees 0: In the American League, in New York,

Rich Yett and Doug Jones held the Yankees to four hits and Cleveland won on Cory Snyder's run-scoring double in the eighth inning.

The Yankees have lost 11 of their last 15 games. Ron Guidry was the losing pitcher, despite allowing only eight hits and an unearned run in eight innings.

Brook Jacoby began the eighth with a grounder that shortstop Bobby Meacham misplayed. Pat Tabler grounded into a forceout, but stole second and, with two out, Snyder hit a line drive that bounced into the left-field seats.

Ron Kittle led off the bottom of the eighth with a single. Pinch hit-

ter Mike Easler drew one-out walks, but Jones then struck out Gary Ward and retired Don Mattingly on a routine fly to left.

Red Sox 12, Rangers 2: In Boston, rookie John Marzano hit two two-run homers and doubled against Texas, while Spike Owen and Ellis Burks each hit one two-run homer and Wade Boggs, with his fourth four-hit game this season, raised his batting average to .371.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Pagliarulo's Homer Helps Yanks End 5-Game Skid

Compiled by Our Staff From Dispatches

NEW YORK — Mike Pagliarulo moved into the cleanup spot Saturday night and helped the New York Yankees end a five-game losing streak as he hit his 25th home run this season and batted in three runs during an 11-2 victory over the Cleveland Indians.

SATURDAY BASEBALL

Yankees end a five-game losing streak as he hit his 25th home run this season and batted in three runs during an 11-2 victory over the Cleveland Indians.

"I don't care where I bat as long as I hit good," Pagliarulo said. "Right now I'm seeing the ball good. We need to win five in a row and put some pressure on Toronto and Detroit."

Dennis Rasmussen got his first victory since July 10 as the Yankees moved to within two games of the Toronto Blue Jays, who lead the American League East Division.

"I pitched inside more tonight," Rasmussen said. "Any time you leave 13 on base you figure to lose. There were three spots where a base hit would have kept us in the game."

The Yankees scored twice in the second inning to take a 2-1 lead on RBI singles by Dan Pasqua and Roli Skinner. Don Mattingly began a three-run third with his 21st homer of the year, a shot into the upper deck, then Dave Winfield added an infield hit and Pagliarulo hit a 410-foot homer to center.

Ortles 2, Brewers 1: In Baltimore, Larry Sheets, his team's leading hitter with men in scoring position, singled in two runs in the sixth and Mike Flanagan pitched a six-hitter against Milwaukee.

The Brewers' Paul Molitor extended his hitting streak to 30 games when he led off the contest with a bloop single. That tied him with George Brett of the Kansas City Royals for second-longest streak this decade, Ken Landreaux having had a 31-game hitting streak with the Minnesota Twins in 1980.

Tigers 8, Royals 4: In Kansas City, Missouri, Alan Trammell's

two-run home run with one out in the eighth gave Detroit its victory. Twins 4, Mariners 4: In Minneapolis, Roy Smith won his first start since being recalled from the minors Aug. 4 and Greg Gagne tripled in two of the eight unearned runs scored in the first inning against Seattle.

Astros 13, Angels 3: In Anaheim, California, Jose Canseco hit a three-run homer against California, Dwayne Murphy hit two two-run singles and Dave Stewart posted his 16th victory, tying the Royals' Bret Saberhagen as the major-league leader. Stewart has won nine of his last 10 decisions.

Red Sox 7, Rangers 6: In Boston, Wade Boggs walked with the bases loaded and two out in the eighth to beat Texas after Spike Owen singled past a drawn-in infield to tie the score at 6.

White Sox 1, Blue Jays 0: In Toronto, Rich Dotson pitched a six-hitter to outlast Jim Clancy, who limited Chicago to two hits for eight innings but lost because, in the first inning, he walked leadoff batter Ozzie Guillen, who stole second, got to third on Donnie Hill's ground out and scored on Harold Baines' ground out to first base. In his last seven starts, Clancy, who has won since July 12, is 0-4 with three no-decisions.

Giants 5, Dodgers 0: In the National League, in San Francisco,

Dave Dravecky held Los Angeles to four singles to help put the Giants back into a first place tie with the Cincinnati in the West Division.

Fernando Valenzuela, who allowed three runs and five hits in the first inning, has won just once in his last six starts and has a 6.02 earned-run average in that span.

Cubs 7, Mets 3: In Chicago, Dave Martinez and Ryne Sandberg each got three of their team's 17 hits and drove in two runs in helping end the 10-game winning streak of New York starter Terry Lincecum.

Expos 6, Pirates 3: In Montreal, Vance Law's grand-slam home run with one out in the ninth beat Pittsburgh.

Phillies 5, Cardinals 2: In St. Louis, Kevin Gross won his first start since umpires ejected him from a game for having sandpaper on his glove and Mike Schmidt hit two bases-empty homers and an RBI double for Philadelphia.

Gross, ejected from last Monday night's game against Chicago, is appealing a 10-game suspension imposed by the league and can play until an Aug. 27 hearing.

Astros 8, Braves 0: In Houston, Danny Darwin scattered seven hits for his first NL shutout and Glenn Davis hit a three-run homer against Atlanta. Davis now has hit at least 20 homers in all three of his major-league seasons.

(UPI, AP)

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.

Marzano, called up from the minors July 31 after Rich Gedman was disabled for the season, capped a four-run second inning with his third homer, hit high into the left-field screen. In the sixth, after Owen singled with one out, Marzano homered with a double off the wall in the seventh, after Owen had homered, then scored on Burks' homer.

McGwire Hits 39th, Breaking Major League Record

Mark McGwire of the Oakland Athletics, hitting his 39th home run this season in the sixth inning of Friday night's game against the California Angels, broke the major league record for rookies that was set in 1930 by Wally Berger of the Boston Braves and matched by Frank Robinson of Cincinnati in 1956. The Athletics beat the Angels in the 12th, 7-6, when Mike Davis singled home a run.

SCOREBOARD

Baseball

Friday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS

AMERICAN LEAGUE

First Game

Yankees 11, Indians 2

Twins 4, Mariners 4

Red Sox 7, Rangers 6

Blue Jays 6, White Sox 4

Phillies 5, Cardinals 2

Astros 8, Braves 0

Expos 6, Pirates 3

Cubs 7, Mets 3

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Mariners 4, Yankees 11

Angels 6, Athletics 7

Padres 5, Giants 5

Pan American Games

Gold Medalists

ARCHERY

Men's Individual: Jay Berry, U.S.

Women's Individual: Denise Parker, U.S.

DIVING

Men's Platform: Michelle Mitchell, U.S.

CYCLING

Men's 200 Sprint: Ken Carpenter, U.S.

Men's 4000 Team Pursuit: United States

Men's 1000 Time Trial: David Lottier and Carl Sorenson

Men's 5000 Individual Pursuit: Rebecca Twiss-Whitfield, U.S.

Women's 200 Sprint: Connie Parakevich, U.S.

PEACOCK

Men's Team Foil: Cuba

Women's Team Foil: U.S.A.

GYMNASICS

Men's Individual All-Around: Gyu Lorian, Canada

Men's Team All-Around: Cuba

Men's Individual Vault: Gyu Lorian, Canada

Men's Individual Floor: Gyu Lorian, Canada

Men's Individual Pommel Horse: Gyu Lorian, Canada

Men's Individual Rings: Gyu Lorian, Canada

Men's Individual Parallel Bars: Gyu Lorian, Canada

Men's Individual Horizontal Bar: Gyu Lorian, Canada

Men's Individual Uneven Bars: Gyu Lorian, Canada

Men's Individual Balance Beam: Gyu Lorian, Canada

Men's Individual Floor Exercise: Gyu Lorian, Canada

Men's Individual Pommel Horse: Gyu Lorian, Canada

Men's Individual Rings: Gyu Lorian, Canada

Men's Individual Parallel Bars: Gyu Lorian, Canada

Men's Individual Horizontal Bar: Gyu Lorian, Canada

Men's Individual Uneven Bars: Gyu Lorian, Canada

Men's Individual Balance Beam: Gyu Lorian, Canada

Men's Individual Floor Exercise: Gyu Lorian, Canada

Men's Individual Pommel Horse: Gyu Lorian, Canada

Men's Individual Rings: Gyu Lorian, Canada

Men's Individual Parallel Bars: Gyu Lorian, Canada

Men's Individual Horizontal Bar: Gyu Lorian, Canada

Men's Individual Uneven Bars: Gyu Lorian, Canada

Men's Individual Balance Beam: Gyu Lorian, Canada

Men's Individual Floor Exercise: Gyu Lorian, Canada

A Contra Compendium

There are 25 letters, signs and spaces in the first line and 36 in the following lines. Minimum space is 2 lines. No abbreviations accepted. Credit Cards: American Express, Diner's Club, Eurocard, Master Card, Access and Visa.

HEAD OFFICE

Paris: (For classified only):
(1) 46.37.93.85.

EUROPE

Amsterdam: 26-36-15.
Athens: 361-8397/360-2421.
Brussels: 343-1899.
Copenhagen: 45 1 42 93 25.
Frankfurt: (069) 72-67-55.
Helsinki: 647412.
Istanbul: 145 28 87.
Lausanne: 29-58-94.
Lisbon: 67-27-93/66-25-44.
London: (01) 836-4802.
Madrid: 455-2891/455-3306.
Milano: 5462573.
Bergen (Norway): (05) 134010.
Rome: 679-3437.
Stockholm: 8/309 119.
Tel Aviv: 03-455 559.
Vienna: Contact Frankfurt.

UNITED STATES

Chicago: (312) 446-8764.
Houston: (713) 627-9930.
Los Angeles: (213) 850-8339.
Tx.: 650 311 7639.
New York: (212) 752 3890.
Toll free: (800) 572 7212.
Tx.: 427 175. Fax: 755 8785.
San Francisco: (415) 362-8339.

SOUTH AFRICA

Bryanston: 706 14 08.

LATIN AMERICA

Bogota: 236 9747 - 256 6096.
Buenos Aires: 804 40 31/9 Est. 54
(Dept.312).
Caracas: 262 2043.
Guayaquil: 52 28 15.
Lima: 417 852.
Mexico: 535 31 64.
Panama: 69 09 75.
Rio de Janeiro: 222 50 45.
Santiago: 696 15 55.

MIDDLE EAST

Amman: 62 44 30.
Beirut: 256032.
Beirut: 341 457/8/9.
Cairo: 3499938.
Doha: 416535.
Dubai: 224161.
Jeddah: 667-1500.
Kuwait: 538-6152.
Oman: 70 41 86.
Tunis: 710 797.

FAR EAST

Bangkok: 258 32 59.
Hong Kong: 5-861 06 16.
Manila: 817 07 49.
Seoul: 735 87 73.
Singapore: 223 64 78/9.
Taiwan: 752 44 25/9.
Tokyo: 504-1925.

AUSTRALIA

Melbourne: 690 8233.
Sydney: 929 56 39, 937 43 20.
Perth: 328 98 33.
Paddington,
Queensland: (07) 369 34 53.

NEW ZEALAND

Auckland: 775 120.